Report of the
Technical Committee
Established in the
Ontario Automobile Insurance Board
Decision I-88-1A,
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1.0 INTRODUCTION

1.1 The Ontario Automobile Insurance Board (OAIB) in its Decision With Reasons dated August 30, 1988 established a Technical Committee to review and consider certain matters as set out in Appendix E to the OAIB Decision and report to the Board by September 22, 1988. The report that follows is the report of the Technical Committee.

1.2 The terms of reference of the Technical Committee are set out in Appendix A to this report.

1.3 The composition of the Committee is set out in Appendix B to this report.

1.4 The Decision of the OAIB was released on September 1, 1988. The Technical Committee was formed as of September 2, 1988 and first met on September 6, 1988. The Committee met again on September 8, 1988 and has met each working day since that time up to and including September 22, 1988. Chapters 3 through 11 inclusive, of this report relate to the items identified in the Committee's terms of reference. Chapter 12 addresses other matters that the Committee believes would be of interest to the Board and should be noted. Specifically, as the Committee worked to complete the task requested of it, a number of related items were identified; chapter 12 addresses these items.

1.5 The Committee from time to time, requested input and advice from certain persons with specialized knowledge. These individuals are identified in Appendix C to this report. The Committee extends thanks to these individuals for their assistance.

1.6 The Committee in most instances has been able to reach consensus with respect to its recommendations. However, in a few instances this is not the case. Where consensus was not reached competing viewpoints have been summarized in the report and no specific recommendation has been made.

2.0 DEFINITIONS

2.1 Definitions have been provided for most terms requested by the Board. These definitions are set out in paragraph 2.4 below.

2.2 There are a few terms that the Committee was requested to define that have not been defined. They are:

Actual Cash Value;
Charter Bus;
Owned;
Leased;
Under Contract;
Van;
Wagon;
PlatForm Truck;
Stake Truck;
Trailer Train;
Vehicle Use; and
Vehicle Weight.

2.3 Paragraph 2.4 also includes definitions that were not specifically requested by the Board. They are:

Chargeable Conviction;
Charter Bus Use;
Commercial Use;
Driver's Licence;
Gross Vehicle Weight;
Highway;
Kit Vehicle;

Learner's Licence;
Long-Term Lessee;
Motor Vehicle;
Motorcycle;
Other Bus;
Owner;
Person;
Replica Vehicles;
Trailer - Other Type;
Truck;
Truck Tractor;
Van Camper MotorHome;
Van Pools;
Vehicle;
Vehicle Age; and
Volunteer.

2.4 The definitions recommended by the Committee are as follows:

ABSTINENCE

Is practiced by a person who does not consume any alcoholic beverage during the term of a policy, except minimal amounts consumed in connection with religious ceremonies or as prescribed for medical reasons.

AGREED VALUE

Means the amount agreed upon by the insurer and the applicant for insurance, or as valued by an appraiser acceptable to both.

AIRPORT LIMOUSINE

Means a limousine restricted to transporting passengers to and from an airport.

ALL-TERRAIN VEHICLE

Means a motor vehicle that is equipped with crawler tracks or at least three wheels, designed for use on rugged terrain, and used principally off highways throughout the year for private recreational purposes.

AMBULANCE

Public Ambulance means a motor vehicle used in the business of carrying persons requiring medical attention or under medical care and is designed and constructed or equipped for that purpose.

Private Ambulance means a motor vehicle used to transport employees requiring medical attention or under medical care and is designed and constructed or equipped for that purpose.

ANNUAL DRIVING DISTANCE

Means the estimated distance that the motor vehicle will be driven during the 12-month period commencing with the policy effective date.

ARTISAN VEHICLE

Means a commercial vehicle that is usually immobile during business hours at or near the artisan's place or site of employment.

BUS

Means a motor vehicle designed to carry:

1) ten or more passengers; or

2) fewer than ten passengers and is licensed under the Public Vehicles Act.

BUSINESS USE

Means the use of a private passenger automobile in connection with the driver's occupation, other than for commuting.

A vehicle shall be classified as business use if it is used for business purposes more than 20 per cent of the time or of the annual driving distance.

No personal vehicle shall be classified as business use only because it is used by a person in the course of acting as a volunteer.

CABIN TRAILER (or HOME TRAILER)

Means a trailer permanently equipped with living quarters and used for travel and recreational purposes.

CAMPER UNIT

Means a unit specially constructed for living purposes mounted on and removable from a motor vehicle and used for travel and recreational purposes.

CAP

Means a detachable structure that is installed on a pick-up truck to enclose the box of the truck.

CARGO USE

Means the use of a trailer to supplement the load carrying capacity of the towing vehicle.

CHARGEABLE CONVICTION

Means a Serious Major or Minor conviction as established by the Board.

CHARGEABLE VEHICLE CLAIM

Means every claim under third party coverage, collision coverage, the collision portion of all perils coverage, or accident benefits coverage arising from the ownership, use or operation of the insured vehicle, the consequence of which is a payment having been made by the insurer, or a loss remaining unsettled or unpaid or one which would have been paid but for the Quebec Compensation Agreement.

The following are not Chargeable Vehicle Claims:

a) if the insured vehicle was parked in a legal zone when the accident occurred and the accident was reported to a police officer as soon as practicable;

b) if the insured vehicle was struck by an unidentified vehicle and the accident was reported to a police officer as soon as practicable;

c) if fault is fully attributable to a third party (i.e., no degree of fault is attributed to the insured); or

d) if the insurer is reimbursed in full by the insured for any payments made (including the cost of settling the claim).

CHARTER BUS USE

Means the use of a public bus for charter purposes.

A public bus shall be classified as charter bus use if it is used for chartering purposes 20 or more percent of the time or distance driven.

COMMERCIAL USE

Means the use of a motor vehicle primarily to transport materials, goods, tools or equipment in connection with the insured's occupation.

COMMERCIAL VEHICLE

Means a motor vehicle used primarily to transport materials, goods, tools, or equipment.

The Commercial Vehicle category includes police department vehicles, fire department vehicles, motor vehicles rented for periods of 30 days or less, and motor vehicles used for driver training.

COMMUTE USE

Means the use of a private passenger automobile to transport the driver and any passengers two or more times a week from their residence to and from their place of employment or school, or to and from an intermediate place.

No personal vehicle shall be classified as commute use only because it is used by a person in the course of acting as a volunteer.

CONVICTION

Serious Conviction

Means the proving or finding of guilt of the following offences:

(1) criminal negligence causing death, contrary to section 203 of the Criminal Code (Canada) (Criminal Code), if the charge arises out of the operation of a motor vehicle;

(2) criminal negligence causing bodily harm, contrary to section 204 of the Criminal Code, if the charge arises out of the operation of a motor vehicle;

(3) manslaughter, contrary to section 219 of the Criminal Code, if the charge arises out of the operation of a motor vehicle;

(4) dangerous driving, contrary to section 233(1) of the Criminal Code;

(5) dangerous driving causing bodily harm, contrary to section 233(3) of the Criminal Code;

(6) dangerous driving causing death, contrary to section 233(4) of the Criminal Code;

(7) impaired driving, contrary to section 237(a) of the Criminal Code;

(8) impaired driving causing bodily harm, contrary to section 239(2) of the Criminal Code;

(9) impaired driving causing death, contrary to section 239(3) of the Criminal Code;

(10) driving with blood alcohol over eighty milligrams, contrary to section 237(b) of the Criminal Code;

(11) failure or refusal to provide a breath or blood sample, contrary to section 238(5) of the Criminal Code;

(12) failure to stop at the scene of an accident, contrary to section 236(1) of the Criminal Code;

(13) driving while disqualified from doing so, contrary to section 242(4) of the Criminal Code;

(14) driving 60 kilometres or more over the maximum speed limit, contrary to section 109(1) of the Highway Traffic Act (HTA);

(15) racing on a highway, contrary to section 148(1) of the HTA;

(16) failure to stop at the request of a police officer, contrary to section 189a(1) of the HTA, if the driver's licence is subsequently suspended under section 189a(2) of that Act;

(17) failure to remain at the scene of an accident, contrary to section 174(2) of the HTA;

and any offence substantially the same as an offence described in clauses (1) to (13) that is committed outside Canada or in clauses (14) to (17) that is committed outside Ontario.

Major Conviction

Means the proving or finding of guilt of the following offences:

(1) any offence for which the driver's licence is subsequently suspended under section 26(1) of the Highway Traffic Act (HTA), other than an offence under the Criminal Code (Canada) that is a Serious Conviction;

(2) driving while the driver's licence is suspended, contrary to section 35(1) of the HTA;

(3) driving 40 kilometres per hour or more but less than 60 kilometres per hour over the maximum speed limit, contrary to section 109(1) of the HTA;

(4) careless driving, contrary to section 111 of the HTA;

(5) failure to stop at a railway crossing, contrary to section 150 of the HTA;

(6) failure to stop for school bus, contrary to section 151(5) of the HTA;

(7) failure to stop for school bus, contrary to section 151(6) of the HTA;

(8) failure to report an accident, contrary to section 173(1) of the HTA;

(9) failure to provide the information required by section 174(1)(c), contrary to section 174(2) of the HTA;

(10) operating or permitting the operation of a vehicle unless the vehicle is insured, contrary to section 2(1) of the Compulsory Automobile Insurance Act;

(11) surrendering an insurance card for a vehicle when the vehicle is not so insured, contrary to section 2(3)(b) of the Compulsory Automobile Insurance Act;

and any offence substantially the same as such an offence that is committed outside Ontario.

Minor Conviction

Means the proving or finding of guilt of the following offences:

(1) any offence committed under a provision of the Highway Traffic Act (HTA) for which demerit points are provided under Ontario Regulation 359/81, other than a Serious Conviction or a Major Conviction;

(2) driving less than 40 kilometres per hour over the maximum speed limit, contrary to section 109(1) of the HTA;

(3) failure of driver to wear a seat belt, contrary to section 90(3) of the HTA;

(4) failure of motorcyclist to wear helmet, contrary to section 88(1) of the HTA;

(5) failure to stop for an emergency vehicle, contrary to section 137(1) of the HTA;

(6) parking, standing or stopping a vehicle, contrary to section 147(1) of the HTA;

(7) failure to disclose particulars of insurance, contrary to section 4(1) of the Compulsory Automobile Insurance Act;

and any offence substantially the same as such an offence that is committed outside Ontario.

COVERAGE DEDUCTIBLE

Means the dollar limit above which the insurer pays an insured loss.

COVERAGE LIMIT

Means the maximum loss payable by the insurer under a specific coverage subject to the terms of the policy.

CUSTOMIZED VEHICLE

Means a motor vehicle that has been substantially altered from the manufacturer's original product by structural change, permanent additions or alterations, or any combination thereof.

DANGEROUS GOODS

As defined in the Transportation of Dangerous Goods Act (Canada); means any product, substance or organism included by its nature or by the regulations in any of the classes listed in the schedule to that Act.

DRIVER'S LICENCE

Means a licence issued under section 18 of the Highway Traffic Act to drive a motor vehicle on a highway.

DRIVER TRAINING

Means the driver has successfully completed an approved driver training course for the type of vehicle being insured.

An approved driver training course is one which is approved by or meets the standards set by:

1) a provincial safety league; or

2) an appropriate government authority.

DUNE BUGGY

Means a four-wheeled motor vehicle designed or adapted for use over sand, and used principally for private recreational purposes.

FARM TRACTOR

Means a motor vehicle designed and used primarily as an implement of husbandry for drawing agricultural equipment for farming.

FARM USE

Means the use of a private passenger automobile in connection with farming activities by a person who resides on and operates a farm and where the principal occupation of the owner of the vehicle is farming.

No personal vehicle shall be classified as farm use if it is used for commuting or in a business unrelated to farming.

FLEET

Means a group of vehicles under common ownership or management and must include at least five motor vehicles used for business, commercial or public purposes.

FUNERAL VEHICLE

Means a motor vehicle used in the business of a funeral director to transport coffins/caskets or passengers in connection with funeral services, or both.

GOLFMOBILE

Means a motor vehicle used principally to afford transportation on a golf course or private premises.

GOOSENECK TRAILER

Means a trailer attached to a motor vehicle by means of a gooseneck-shaped hitch and fifth wheel.

GROSS VEHICLE WEIGHT (G.V.W.)

Means the total weight in kilograms transmitted to the highway by a vehicle or vehicles and load.

HIGHWAY

As defined in the Highway Traffic Act; and includes a common and public highway, street, avenue, parkway, driveway, square, place bridge, viaduct or trestle, any part of which is intended for or used by the general public for the passage of vehicles and includes the area between the lateral property lines thereof.

HIGHWAY TRACTOR

See Truck Tractor

HISTORIC VEHICLE

Means a motor vehicle that:

1) is over thirty years old;

2) if licensed, is operated on a highway only for the purpose of exhibition, tours or similar functions organized by a properly constituted automobile club, or for purposes of parades, repair, testing or demonstrations of same; and

3) is substantially unchanged from the original manufacturer's product.

HOTEL OR COUNTRY CLUB BUS

Means a motor vehicle used by a hotel, country club, summer camp, resort or golf club for the exclusive conveyance of guests, members, and/or employees.

IDENTIFIED DRIVER

In relation to a commercial vehicle means:

1) the vehicle is operated by a maximum of three drivers;

2) the principal driver is the owner or long-term lessee of the vehicle; and

3) the insurer is advised of the name of every driver.

In relation to a taxi or limousine means:

1) the taxi or limousine is operated by a maximum of three drivers;

2) the principal driver is the owner or long-term lessee of the taxi or limousine; and

3) the insurer is advised of the name of every driver.

INTERURBAN BUS

Means a bus that travels between terminal points more than 160 kilometres apart.

INTERURBAN VEHICLE

Means a commercial vehicle with a radius of operation greater than 160 kilometres.

KIT VEHICLE

Means a motor vehicle, assembled by an individual, primarily for use as a private passenger automobile and designed to resemble another make and model of vehicle or to accommodate a pre-manufactured body.

LEARNER'S LICENCE

Means a Class L driver's licence or a Class R licence issued under the Highway Traffic Act.

LEASED PLATE

Means a licence leased from the owner of the licence by another person and used by that person for the business or commercial purpose for which the licence is intended.

LIMOUSINE

Means a public vehicle licensed as a limousine.

LONG-TERM LESSEE

Means:

1) the person who leases a motor vehicle for a period in excess of 30 days; or

2) the person for whom a motor vehicle is exclusively operated on behalf of for a period in excess of 30 days under the terms of a written agreement.

MINI BIKE

Means a small, two-wheeled motorcycle used principally off highways.

MODEL YEAR

Means the year assigned to a vehicle by the manufacturer.

In the case of a reconstructed or rebuilt vehicle, the model year shall be considered to be the year assigned originally to the vehicle. If this is unknown, the model year will be that agreed upon by the insurer and the applicant for insurance.

MOTORCYCLE

Means a motor vehicle that is steered by handlebars and has a seat or saddle for the use of the driver, designed to travel on not more than three wheels; includes a motor scooter, and a motor-assisted bicycle as defined in the Highway Traffic Act.

MOTOR HOME

Means a motor vehicle built on or as an integral part of a motor vehicle chassis and used for travel and recreational camping purposes.

MOTORIZED SNOW VEHICLE

Means a motor vehicle that is designed exclusively for use on snow and ice.

MOTOR VEHICLE

Means any vehicle self-propelled or driven by other than muscular power; does not include any vehicle running only on rails.

OFF-ROAD VEHICLE

Means a motor vehicle designed for use over land or water and used for private recreational purposes; does not include a motorized snow vehicle or a motor vehicle licensed for highway use.

OPERATOR'S LICENCE

See Driver's Licence

OTHER BUS

Means a bus not otherwise defined.

OTHER OFF-ROAD VEHICLE

Means an off-road vehicle not otherwise defined.

OTHER TRAILERS AND CAMPER UNITS

Means a trailer or camper unit not otherwise defined.

OWNER

Means the person in whose name a vehicle is registered under the Highway Traffic Act.

OWNER-OPERATED TAXI

Means a taxi regularly operated only by its owner or long-term lessee.

PERSON

As defined in the Interpretation Act; includes a corporation and the heirs, executors, administrators or other legal representatives of a person to whom the context can apply according to law.

PERSONAL VEHICLE

Means a motor vehicle that is not used as a commercial vehicle or a public vehicle.

PICK UP TRUCK

Means a motor vehicle with a maximum gross vehicle weight of 4500 kilograms (10,000 pounds), equipped with an open box that can be used to carry cargo.

PLEASURE USE

Means the use of a private passenger automobile for purposes that are not classified as business use, commute use or farm use.

PRICE NEW

Means the sum of,

1) the amount paid;

2) any customizing alterations and any additional equipment permanently attached to the vehicle; and

3) taxes paid on the amount paid, the customizing and the additional equipment.

PRINCIPAL DRIVER

Means the person who most often drives a specified motor vehicle.

PRIVATE PASSENGER AUTOMOBILE

Means a motor vehicle classified as pleasure use, commute use, business use or farm use; does not include a motor vehicle that has a gross vehicle rate of more than 4500 kilograms (10,000 pounds).

PRIVATE USE BUS

Means a bus that is:

1) used by an employer to transport employees; or

2) used by an association, or a religious, charitable or similar organization.

PUBLIC BUS

Means a bus used to carry passengers along a designated route, or on sightseeing trips or outings; does not include school bus and hotel or country club bus.

PUBLIC VEHICLE

Means a motor vehicle used to transport passengers.

The Public Vehicles Category includes ambulances, buses, funeral vehicles, limousines and taxis.

PUP TRAILER

Means a cargo use trailer which is attached to a truck or to another trailer by a kingpin or a bar.

RADIUS OF OPERATION

Means the distance travelled by the motor vehicle from its point of origin to reach the farthest destination to which it is expected that the vehicle will regularly travel during the term of the policy.

REPLICA VEHICLE

Means a motor vehicle designed to resemble a previously known make of vehicle and constructed principally with new components.

RETAIL DELIVERY

Means the use of a commercial vehicle to deliver goods from retailers to consumers.

SCHOOL BUS - OTHER ACTIVITIES

Means a bus that is ordinarily used to convey passengers to and from school premises and school activities, and may occasionally be used for other activities.

SCHOOL BUS - SCHOOL USE ONLY

Means a bus that is used exclusively to convey passengers to and from school premises and school activities.

SECONDARY DRIVER

Means the person who is not the principal driver of the specified motor vehicle or of another motor vehicle of the same type in the household.

SEMI-TRAILER

Means a trailer drawn by a truck tractor and attached by a fifth wheel.

SPECIFIC FUNCTION USE

Means the use of a trailer that does not supplement the load carrying capacity of the hauling vehicle.

TAXI

Means a public vehicle licensed as a taxi.

TENT TRAILER

Means a trailer with a collapsible cover, permanently equipped with living quarters, and used for travel and recreational purposes.

TERRITORY

In relation to a personal vehicle, means the territory where the vehicle is customarily garaged.

In relation to commercial and public vehicles, means the territory where the vehicle is and will be chiefly used and usually kept. If the motor vehicle is usually kept in one territory but chiefly used in other territories, the rate to be applied shall be the rate for the higher or highest-rated of the territories.

TOBOGGAN SLED

Means a carrier designed to be attached to and pulled behind a motorized snow vehicle.

TRACTOR-TRAILER TRAIN

Means the use of two or more trailers (including pup trailers) with a truck tractor.

TRAIL BIKE (OR DIRT BIKE)

Means a two-wheeled motorcycle designed to travel over rugged terrain and used principally off highways.

TRAILER

Means a wheeled vehicle, not equipped with its own motive power, hauled by a motor vehicle.

TRAILER CONVERTER DOLLY

Means a wheeled device that is used to attach a semi-trailer or a pup trailer to another trailer.

TRAILER - OTHER TYPE

Means a trailer attached to a hauling vehicle by means not otherwise defined.

TRUCK

Means a motor vehicle with the engine and the cargo carrying portion on a single frame, designed and used for transportation of cargo.

TRUCK TRACTOR

Means a motor vehicle designed and used primarily as the power unit for a semi-trailer.

UTILITY TRAILER

Means a trailer attached to a private passenger automobile designed to provide supplementary carrying capacity; does not include a trailer used to carry animals.

VAN POOLS

Means the use of a motor vehicle by an employer to transport commuting employees.

VEHICLE

Includes a motor vehicle, trailer and any other vehicle drawn, propelled or driven by any kind of power; does not include any vehicle running only on rails.

VEHICLE AGE

Means the calendar year of the policy effective date less the model year of the vehicle.

VEHICLE RATE GROUP

Means a classification factor assigned to a vehicle based on a combination of vehicle characteristics as prescribed by the Board.

VOLUNTEER

Means a person who provides a service outside of that person's normal scope of employment without compensation or for a nominal consideration or honorarium.

WHOLESALE DELIVERY

Means the use of a commercial vehicle to deliver goods to manufacturers, distributors or retailers.

YEARS LICENSED

Means the number of years that a person has held a licence issued by a government authority to drive the particular type of motor vehicle for which the licence was issued.

The time a person has held a learner's licence shall not be used in the calculation of years licensed.

3.0 RULES

3.1 Rules for each of the matters identified by the Board are set out below.

3.2 Additional rules which the Committee feels are appropriate are set out at Rule (dd) and thereafter.

Rule (a) Driver Training

A person qualifies for the driver training class of risk exposure if the driver has successfully completed an approved driver training course for the type of vehicle being rated.

If, before the effective date of the Board's inaugural rates, an insured was credited with having had driver training, the credit shall continue to apply.

Reasons

1. The Committee believes that there is no necessary transfer of driving skills from one type of vehicle to another.
2. In the Committee's view it would be unfair to require drivers to meet driver training standards that may be higher than the standards in effect at the time they participated in an approved driver training course.

Rule (b) Application of Years Licensed

The Committee was not able to agree.

Option 1

To determine the number of years licensed for classification purposes:

1. The period licensed is measured from the date of original licence issuance to the effective date of the policy.

2. If the number of years licensed determined in step (1) exceeds six years, classify as six years.

3. Determine the accumulated total of all periods of suspension or non-renewal over the six year period immediately preceding the effective date of the policy term.

4. Subtract the period of suspension or non-renewal determined in step (3) from the number of years licensed determined in steps (1) and (2). The resulting amount is to be rounded to the nearest whole year. This represents the number of years licensed to be considered for classification purposes.

Example:

Assume a driver was originally licensed in January 1960, but had his licence suspended for the periods July 1, 1982 through June 30, 1983, and January 1, 1987 through December 31, 1987. The number of years licensed for purposes of classification as of January 1, 1989 is determined as follows:

1. Period Licensed - 29 years (January 1, 1960 through January 1, 1989).

2. Period Licensed Limited - 6 years (maximum classification is six years).

3. Total Period of Suspension/Non-renewal - 1 year (January 1, 1983 through June 30, 1983 plus January 1, 1987 through December 31, 1987 - is 18 months rounded to 1 year).

4. Number of Years Licensed - (2) - (3) = 6-1
   = 5 years.

Reasons

1. Periods of suspension or non-renewal should be reflected in the determination of the number of years licensed. However, only the most recent time period, in this case six years to be consistent with the Board's classification plan, should be taken into consideration. This is similar to the approach followed in determining claim or conviction history. Hence under this approach, a driver licensed for 30 years, but who had his or her licence suspended for the last three years, would be classified the same as a driver who has been licensed for three years.

Option 2

To determine the number of years licensed for classification purposes:

1. The period licensed is measured from the date of original licence issuance to the effective date of the policy.

2. If the number of years licensed determined in step (1) exceeds six years, classify as six years.

3. Where a licence has been suspended or not renewed for any period in excess of one year, determine the accumulated total of all such periods over the six year period immediately preceding the effective date of the policy term.

4. Subtract the period of suspension or non-renewal determined in step (3) from the number of years licensed determined in steps (1) and (2). The resulting amount is to be rounded to the nearest whole year. This represents the number of years licensed to be considered for classification purposes.

Example:

Assume a driver was originally licensed in January 1960, but had his licence suspended for the periods July 1, 1982 through June 30, 1983, and January 1, 1987 through December 31, 1987. The number of years licensed for purposes of classification as of January 1, 1989 is determined as follows:

1. Period Licensed - 29 years (January 1, 1960 through January 1, 1989).

2. Period Licensed Limited - 6 years (maximum classification is six years).

3. Total Period of Suspension/Non-renewal - 0 (Neither of the two periods of suspension/non-renewal exceeded one year.)

4. Number of Years Licensed - (2) - (3) = 6-0
= 6 years.

Reasons

1. Committee members who support Option 2 disagree only with respect to which periods of suspension/non-renewal should be taken into account in calculating number of years licensed. The events which lead to the licence suspension are already reflected in the drivers' conviction history classification. The only reason to take suspensions/non-renewals into account is because of erosion of driving skills. For periods of one year or less it is unlikely that driving skills will change.

Note

For the purposes of this Rule, years round upward after (not at) six months; i.e., one year and six months rounds to one year; one year and seven months rounds to two years.

Rule (c1) **Assignment of Drivers To Vehicles**

For classification purposes:

1. Every vehicle shall have assigned to it a principal driver.

2. Every secondary driver is assigned to the vehicle he/she drives most often within each category of insurance.

3. A person is not a secondary driver of a specified

motor vehicle if that person is the principal driver of another vehicle within that category of insurance.

(Rule c2) **Assignment of Chargeable Claims**

Consideration of Rule(c1) identified the need for a related Rule(c2). For classification purposes a chargeable claim is to be used only as a classification factor for those vehicles in the category of insurance on which the chargeable claim was incurred. For purposes of this rule the following separate categories of insurance are established:

- Private Passenger Automobile
- Motorcycle
- Off-Road Vehicle
- Snow Vehicles
- Historic Vehicle
- Commercial Vehicles
- Public Vehicles

When a principal or secondary driver is assessed a chargeable claim incurred on a personal vehicle covered by a policy on which he/she is listed, the claim shall be charged to the driver record of the assigned driver and used as a classification factor in determining the class of risk exposure for that vehicle or any other vehicle in the same category of insurance to which the driver may be subsequently assigned.

When the driver of a personal vehicle assessed a chargeable claim is known but is not the principal or secondary driver, the chargeable claim must be charged to the owner's vehicle for purposes of determining the class of risk exposure unless the claim is charged to that driver's vehicle with his/her consent.

When the driver of a vehicle involved in a chargeable claim is unknown, the chargeable claim shall be charged to the vehicle for purposes of determining the class of risk exposure.

When a principal driver owns two or more personal vehicles in the same category of insurance, and chargeable claims have been assessed on one or more such vehicles, the driver's claim record shall be used to determine the class of risk exposure of all vehicles in that category.

When the vehicles assessed a chargeable claim are Public Vehicles or Commercial Vehicles, the chargeable claim shall be assigned only to that vehicle for purposes of determining the class of risk exposure.

Reasons

1. The Committee recognizes that it is preferable that chargeable claims be assigned only to those drivers who incur them. The Committee also recognizes that a comprehensive claims tracking service is required to achieve that objective. Since such a system does not and will not exist in the immediate future the Committee has attempted to develop rules to achieve the Board's intent of relating claims experience to drivers.

Note

Considerable time was spent attempting to resolve this issue and reach consensus. The Committee unanimously endorses the concept that all claims should follow the drivers who incur them. However, all members of the Committee were not in agreement with all aspects of Rule (c2) as set out above.

1. When a principal driver owns two or more vehicles, the driver's claim record should be used to determine the class of risk exposure only on the vehicle which incurred the claim or one which has been substituted for it.

2. Some members of the Committee feel that chargeable claims are a valid predictor of risk. Therefore, all chargeable claims should follow all drivers and be considered in determining the classification of risk exposure for all vehicles to which those drivers are assigned in all categories of insurance. A criticism of this method is that chargeable claims could be used to classify risk exposure on more than one vehicle at the same time and that such double counting is unfair. The opposing view is that such treatment is appropriate because the risk is determined from the combination of individual driver characteristics which taken together classify the complete unit of risk exposure. Since both driver and vehicle characteristics have been already explicitly accepted by the Board it follows that both elements are necessary to properly classify all risks. Absent this allowance, certain low premium and specialty risks may have difficulty finding voluntary coverage.

Rule (d) **Experience Period for Claims and Convictions**

Experience periods extend backwards from the effective date of the policy. The experience period for claims is calculated using the occurrence date of the claim. The experience period for convictions is calculated using the date of conviction.

Rule (e) **Rerating that may arise upon the final resolution of a Claim**

When a claim which was classed as a chargeable claim against an insured is ultimately settled and is reclassified as not being a chargeable claim, the insured shall be reimbursed for any additional premium attributable to the original classification.

Rule (f) **The Manner in Which Vehicle Claims (and Convictions) are to be Counted**

All chargeable claims and convictions involving principal, secondary or other drivers are to be counted;

Chargeable claims of assigned drivers follow them to whatever vehicle they are assigned, in the same category of insurance;

A chargeable claim will be used as a classification variable only for those coverages under which the claim was incurred;

All chargeable convictions are to be charged against all categories of insurance, except those convictions unique to a particular category of insurance (i.e., motorcycle rates should be unaffected by failure to wear seat belt convictions).

Rule (g) Replica Vehicles; Restored Vehicles (Kit Vehicles)

The Committee does not recommend a separate class of risk exposure for restored vehicles.

For purposes of rating, the value of the vehicle is to be established between the insurer and insured. For replica vehicles, the model year is considered to be the year the vehicle was manufactured. For kit vehicles, the model year is considered to be the year the vehicle is registered.

Reasons

1. The method of valuation follows that for other vehicles classified on an "agreed value" basis.
2. Because of their special construction, kit and replica vehicles require rules for establishing model year for rating and statistical purposes. The use of "year manufactured" and "year registered" are, in the Committee's view, reasonable rules for establishing model year for these vehicle types.

Rule (h) Children (Household Members) Away at School

Drivers assigned on a policy temporarily residing as students at a school located more than 100 kilometres from the principal residence and having no insured vehicle available for use shall receive a discount to the portion of the policy premium attributed to them.

Reasons

1. Household members living away at school represent less of an exposure than household members living at home having ready access to the insured vehicle. Hence, in the Committee's view, a rate credit is appropriate.

2. This is a rule commonly used within the industry today.

3. The Committee feels that some distance criterion is appropriate and feels 100 kilometres is reasonable.

Rule (i) Road Construction Equipment

Road construction equipment, if licensed for highway use, shall be classified as commercial vehicles; automobile insurance coverages do not apply to unlicensed road construction equipment.

Rule (j) The Application of the Multi-car Discount (i.e., Multiple Vehicles Class of Risk Exposure)

The multiple vehicles class of risk exposure applies within the private passenger automobile vehicle category of insurance, or within the motorcycle vehicle category of insurance, to all of the vehicles that are rated within the category of insurance that are under common ownership and are insured with the same company and all not part of a fleet. For purposes of this rule, long-term leased vehicles are treated as owned vehicles.

Example:

Assume three private passenger automobiles, one snow vehicle and one motorcycle are insured under a policy and are all owned by the named insured. Only the three private passenger automobiles are classified within the multiple vehicles class of risk exposure.

Reasons

1. The Committee feels that because of the differences in risk, private passenger automobiles and motorcycles should be considered separately for purposes of determining the applicability of the multiple vehicles class of risk exposure.

Rule (k) High Performance, Customized Vehicles and Vehicles Over 15 Years of Age

High Performance: The Committee has not reached consensus on this matter. One option is not to treat high performance vehicles separately. A second option is to have a liability surcharge for high performance automobiles, motorcycles and snowmobiles. This option is discussed in Chapter 8.

Customized Vehicles: The Committee recommends, for the rating of physical damage, that these vehicles be treated on an agreed value basis. Rating for liability of these vehicles would follow normal practice.

3. Vehicles over 15 years of age: The Committee does not recommend any further category of risk exposure for vehicles over 15 years of age. Those vehicles for which the vehicle rating group is not appropriate can

be properly rated using the value table corresponding to SEF 19 and SEF 19a.

Rule (l) The Basis for Determining Vehicle Value

For classification purposes the vehicle value is based on the greater of the MSRP (Manufacturer's Suggested Retail Price) or purchase price.

Reasons

1. This rule conforms generally to current industry practice.

Rule (m) Completeness of Commercial Vehicle Use Class Table

No rule is required.

Reasons

1. The 76 use groups for commercial vehicles are sufficiently complete to permit adequate classification by the Board and insurers. The Committee is of the opinion that, pending actuarial review, the use groups might benefit from further consolidation rather than expansion.

Rule (n) Cancellation Procedures

Short rate or pro rata

Cancellations of policies at the insured's request will be processed using the short rate table established by the Board, with the following exceptions:

1. Cancellation of renewals returned by the insured

to the insurer or its representative within 30 days of the effective date of the policy will be processed without charge, provided no coverage has been in force;

2. Cancellations requested by the insured within 30 days of an upward adjustment in the originally quoted premium will be processed pro rata on the basis of the original, quoted premium.

All coverage cancellations initiated by the insurer will be calculated on a pro rata basis irrespective of the type of vehicle involved.

Seasonal Vehicles

The following tables apply to cancellations or deletions of motorcycles or motorized snow mobiles or coverages applicable to such vehicles during the term. The retained premium is based on the cumulative total of the percentages for months or part of months in force:

Month	Motorcycles	Snow Vehicles
January	0%	25%
February	0	25
March	5	15
April	10	0
May	10	0
June	20	0
July	20	0
August	20	0
September	10	0
October	5	0

Month	Motorcycles	Snow Vehicles
November	0	10
December	0	25

Reasons

1. These tables are commonly used by insurance companies and reflect the seasonal nature of motorcycles and motorized snow vehicles.

Non-Seasonal Vehicles

The following tables are to be used in accordance with rules set out above under the sub-heading short rate or pro rata.

PRO RATA TABLE

January			February			March			April			May			June		
Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year
1	.003	1	1	.088	32	1	.164	60	1	.249	91	1	.332	121	1	.416	152
2	.005	2	2	.090	33	2	.167	61	2	.252	92	2	.334	122	2	.419	153
3	.008	3	3	.093	34	3	.170	62	3	.255	93	3	.337	123	3	.422	154
4	.011	4	4	.096	35	4	.173	63	4	.258	94	4	.340	124	4	.425	155
5	.014	5	5	.099	36	5	.175	64	5	.260	95	5	.342	125	5	.427	156
6	.016	6	6	.101	37	6	.178	65	6	.263	96	6	.345	126	6	.430	157
7	.019	7	7	.104	38	7	.181	66	7	.266	97	7	.348	127	7	.433	158
8	.022	8	8	.107	39	8	.184	67	8	.268	98	8	.351	128	8	.436	159
9	.025	9	9	.110	40	9	.186	68	9	.271	99	9	.353	129	9	.438	160
10	.027	10	10	.112	41	10	.189	69	10	.274	100	10	.356	130	10	.441	161
11	.030	11	11	.115	42	11	.192	70	11	.277	101	11	.359	131	11	.444	162
12	.033	12	12	.118	43	12	.195	71	12	.279	102	12	.362	132	12	.447	163
13	.036	13	13	.121	44	13	.197	72	13	.282	103	13	.364	133	13	.449	164
14	.038	14	14	.123	45	14	.200	73	14	.285	104	14	.367	134	14	.452	165
15	.041	15	15	.126	46	15	.203	74	15	.288	105	15	.370	135	15	.455	166
16	.044	16	16	.129	47	16	.205	75	16	.290	106	16	.373	136	16	.458	167
17	.047	17	17	.132	48	17	.208	76	17	.293	107	17	.375	137	17	.460	168
18	.049	18	18	.134	49	18	.211	77	18	.296	108	18	.378	138	18	.463	169
19	.052	19	19	.137	50	19	.214	78	19	.299	109	19	.381	139	19	.466	170
20	.055	20	20	.140	51	20	.216	79	20	.301	110	20	.384	140	20	.468	171
21	.058	21	21	.142	52	21	.219	80	21	.304	111	21	.386	141	21	.471	172
22	.060	22	22	.145	53	22	.222	81	22	.307	112	22	.389	142	22	.474	173
23	.063	23	23	.148	54	23	.225	82	23	.310	113	23	.392	143	23	.477	174
24	.066	24	24	.151	55	24	.227	83	24	.312	114	24	.395	144	24	.479	175
25	.068	25	25	.153	56	25	.230	84	25	.315	115	25	.397	145	25	.482	176
26	.071	26	26	.156	57	26	.233	85	26	.318	116	26	.400	146	26	.485	177
27	.074	27	27	.159	58	27	.236	86	27	.321	117	27	.403	147	27	.488	178
28	.077	28	28	.162	59	28	.238	87	28	.323	118	28	.405	148	28	.490	179
29	.079	29				29	.241	88	29	.326	119	29	.408	149	29	.493	180
30	.082	30				30	.244	89	30	.329	120	30	.411	150	30	.496	181
31	.085	31				31	.247	90				31	.414	151			

July			August			September			October			November			December		
Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year	Day of Month	Ratio	Day of Year
1	.499	182	1	.584	213	1	.688	244	1	.751	274	1	.836	305	1	.918	335
2	.501	183	2	.586	214	2	.671	245	2	.753	275	2	.838	306	2	.921	336
3	.504	184	3	.589	215	3	.674	246	3	.756	276	3	.841	307	3	.923	337
4	.507	185	4	.592	216	4	.677	247	4	.759	277	4	.844	308	4	.926	338
5	.510	186	5	.595	217	5	.679	248	5	.762	278	5	.847	309	5	.929	339
6	.512	187	6	.597	218	6	.682	249	6	.764	279	6	.849	310	6	.932	340
7	.515	188	7	.600	219	7	.685	250	7	.767	280	7	.852	311	7	.934	341
8	.518	189	8	.603	220	8	.688	251	8	.770	281	8	.855	312	8	.937	342
9	.521	190	9	.605	221	9	.690	252	9	.773	282	9	.858	313	9	.940	343
10	.523	191	10	.608	222	10	.693	253	10	.775	283	10	.860	314	10	.942	344
11	.526	192	11	.611	223	11	.696	254	11	.778	284	11	.863	315	11	.945	345
12	.529	193	12	.614	224	12	.699	255	12	.781	285	12	.866	316	12	.948	346
13	.532	194	13	.616	225	13	.701	256	13	.784	286	13	.868	317	13	.951	347
14	.534	195	14	.619	226	14	.704	257	14	.786	287	14	.871	318	14	.953	348
15	.537	196	15	.622	227	15	.707	258	15	.789	288	15	.874	319	15	.956	349
16	.540	197	16	.625	228	16	.710	259	16	.792	289	16	.877	320	16	.959	350
17	.542	198	17	.627	229	17	.712	260	17	.795	290	17	.879	321	17	.962	351
18	.545	199	18	.630	230	18	.715	261	18	.797	291	18	.882	322	18	.964	352
19	.548	200	19	.633	231	19	.718	262	19	.800	292	19	.885	323	19	.967	353
20	.551	201	20	.636	232	20	.721	263	20	.803	293	20	.888	324	20	.970	354
21	.553	202	21	.638	233	21	.723	264	21	.805	294	21	.890	325	21	.973	355
22	.556	203	22	.641	234	22	.726	265	22	.808	295	22	.893	326	22	.975	356
23	.559	204	23	.644	235	23	.729	266	23	.811	296	23	.896	327	23	.978	357
24	.562	205	24	.647	236	24	.732	267	24	.814	297	24	.899	328	24	.981	358
25	.564	206	25	.649	237	25	.734	268	25	.816	298	25	.901	329	25	.984	359
26	.567	207	26	.652	238	26	.737	269	26	.819	299	26	.904	330	26	.986	360
27	.570	208	27	.655	239	27	.740	270	27	.822	300	27	.907	331	27	.989	361
28	.573	209	28	.658	240	28	.742	271	28	.825	301	28	.910	332	28	.992	362
29	.575	210	29	.660	241	29	.745	272	29	.827	302	29	.912	333	29	.995	363
30	.578	211	30	.663	242	30	.748	273	30	.830	303	30	.915	334	30	.997	364
31	.581	212	31	.666	243				31	.833	304				31	1.000	365

SHORT RATE TABLES

Annual Policies

Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premiu Retained
1- 3	8	89- 92	31	177-180	54	266-268	77
4- 7	9	93- 96	32	181-184	55	269-272	78
8- 11	10	97- 99	33	185-188	56	273-276	79
12- 15	11	100-103	34	189-192	57	277-280	80
16- 19	12	104-107	35	193-195	58	281-284	81
20- 23	13	108-111	36	196-199	59	285-288	82
24- 26	14	112-115	37	200-203	60	289-292	83
27- 30	15	116-119	38	204-207	61	293-296	84
31- 34	16	120-122	39	208-211	62	297-299	85
35- 38	17	123-126	40	212-215	63	300-303	86
39- 42	18	127-130	41	216-219	64	304-307	87
43- 46	19	131-134	42	220-222	65	308-311	88
47- 49	20	135-138	43	223-226	66	312-315	89
50- 53	21	139-142	44	227-230	67	316-318	90
54- 57	22	143-146	45	231-234	68	319-322	91
58- 61	23	147-149	46	235-238	69	323-326	92
62- 65	24	150-153	47	239-242	70	327-330	93
66- 69	25	154-157	48	243-245	71	331-334	94
70- 73	26	158-161	49	246-249	72	335-338	95
74- 76	27	162-165	50	250-253	73	339-341	96
77- 80	28	166-169	51	254-257	74	342-345	97
81- 84	29	170-172	52	258-261	75	346-349	98
85- 88	30	173-176	53	262-265	76	350-353	99
						354-356	100

Semi-annual Policies

Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premium Retained	Days Policy In Force	% of Premium Retained
1	15	44- 45	37	89- 90	59	134-135	81
2- 3	16	46- 47	38	91- 92	60	136-137	82
4- 5	17	48- 49	39	93- 94	61	138-139	83
6- 7	18	50- 51	40	95- 96	62	140-141	84
8- 9	19	52- 53	41	97- 98	63	142-143	85
10- 11	20	54- 55	42	99-100	64	144-145	86
12- 13	21	56- 57	43	101-102	65	146-147	87
14- 15	22	58- 59	44	103-104	66	148-149	88
16- 17	23	60- 62	45	105-106	67	150-151	89
18- 19	24	63- 64	46	107-108	68	152-153	90
20- 21	25	65- 66	47	109-110	69	154-155	91
22- 23	26	67- 68	48	111-112	70	156-157	92
24- 25	27	69- 70	49	113-114	71	158-159	93
26- 27	28	71- 72	50	115-116	72	160-161	94
28- 29	29	73- 74	51	117-118	73	162-163	95
30- 31	30	75- 76	52	119-120	74	164-165	96
32- 33	31	77- 78	53	121-123	75	166-167	97
34- 35	32	79- 80	54	124-125	76	168-169	98
36- 37	33	81- 82	55	126-127	77	170-171	99
38- 39	34	83- 84	56	128-129	78	172-184	100
40- 41	35	85- 86	57	130-131	79		
42- 43	36	87- 88	58	132-133	80		

Rule (o) Rating of Mid-Term Policy Changes

Deletion or reduction of coverage or the removal of a vehicle from the policy shall be calculated at the rates in effect at the time the coverage came into force or the vehicle was added to the policy in the current policy term. Any other policy change requiring a rate adjustment shall be calculated at the rates in effect at the time the change is effected.

Except in respect of policy cancellations, deletions of coverage from a motorcycle or a motorized snow vehicle, or the removal of a motorcycle or motorized snow vehicle from a policy, the premium for all mid-term policy changes shall be calculated in accordance with the pro rata table. Deletion or reduction of coverage from a motorcycle or motorized snow vehicle, or the removal of a motorcycle or motorized snow vehicle from a policy shall be calculated in accordance with the short rate table applicable to such vehicles.

Reasons

1. The Committee feels that as a general rule policy changes should be rated at the rates in effect when the risk was insured. Therefore, deletions in coverages or vehicles should be rated at the policy term rates in effect at the time the coverage or vehicle was insured. Since other policy changes involving a change in coverage or classification represent a change in risk, they should be rated at the rates in effect at the time the changes are effected.

2. For reasons of simplicity, the Committee feels that all mid-term policy changes should be calculated pro rata. The exceptions are policy cancellations which are subject to the rule on cancellations, and motorcycle or motorized snow vehicle deletions, or coverage deletions or reductions, which because of their seasonal nature,

are more appropriately calculated on a short rate basis.

Note

This rule only applies to policies issued under the Board's classification plan.

Rule (p) **Payment Plan Fees, Service Fees, Installment Fees, Premium Waivers**

Payment Plan Fee: A payment plan fee is an additional amount payable when a policy premium is paid in installments. The application of payment plan fees is subject to the following rules:

a) One payment plan fee may be levied to each payment during the policy term;

b) The maximum payment plan fees that may be charged are: electronic collection of funds: $5.00; and all other: $10.00

Service Fees: The Technical Committee recommends a $ 12.00 fee for an NSF cheque and not more than $40.00 for a Financial Responsibility Filing.

Installment Fees: See Payment Plan Fees.

Premium Waivers: The Technical Committee recommends that the level of premium waiver be left to the individual insurer provided it does not exceed $25.00, all risks are treated uniformly and the premium being waived relates to the cancellation of or changes to a policy.

Reasons

1. The Committee feels that companies should be allowed to recover their costs in processing policy premium installments or NSF cheques if they so choose.

2. The recommended maximum fees reflect the approximate policy premium payment processing costs incurred by companies.

3. The Financial Responsibility Filing charge relates to the costs of processing and cancellation thereof.

Rule (q) **Minimum Premium (Minimum Retained Amount)**

Not to exceed $25.00.

Reasons

1. The Committee feels that companies should be permitted to establish a minimum retained amount to cover the cost of processing policy changes involving rate adjustments or cancellations. The amount should be set as a maximum to allow companies to charge less or waive if they so choose. For example, it seems inappropriate to charge a minimum retained amount for a policy cancellation resulting from a premium misquote by the company or agent/broker.

Rule (r) **Policy Period**

Policies may not be offered for a term in excess of 12 months.

Reasons

1. The Committee feels that the availability of short term policies will benefit many consumers and insurers.

Rule (s) Police, Fire and Rental Vehicles

Police vehicles, fire vehicles and vehicles rented for a period not exceeding thirty days shall be classified as commercial vehicles. Vehicles rented for a period exceeding thirty days shall be classified as owned vehicles.

Rule (t) Premium Rounding

The Committee recommends that amounts of $0.50 or greater be rounded to the next higher dollar, and amounts below $0.50 be rounded to the next lower dollar.

Rule (u) The Rating of "Caps"

For rating purposes caps are treated as follows:

Third Party Liability - No charge

Accident Benefits - No charge

Physical Damage - The value of the cap is included in the total value of the pick-up truck. The rating group assigned will reflect the total price new (or the SEF 19 or 19A amount) of the pick-up truck and cap.

Reasons

1. In the Committee's view this rule is a simple and fair method of rating for the additional exposure presented by the existence of a cap.

Rule (v) Multi-Use Vehicles

The classes of use for personal vehicles are mutually exclusive; therefore, no personal vehicle can be multi-use.

If a commercial vehicle falls within more than one class of use within the commercial vehicles category of insurance, charge the premium for the highest rated class of use that represents at least 20% of the time used or distance driven. In the event no class of use meets the 20% use threshold, charge the premium for the highest rated class of use.

If a public vehicle falls within more than one class of use within the public vehicles category of insurance, charge the premium for the highest rated class of use that represents at least 20% of the time used or distance driven. In the event no class of use meets the 20% use threshold, charge the premium for the highest rated class of use.

Reasons

1. In the Technical Committee's judgement, the recommended rule represents a reasonable balance among the need to reflect, for rating equity, the actual percentage of use by class of use, the need to establish an administratively feasible method of classification, the need to collect a premium commensurate with the risk, and the need for uniformity in classification and rating.

Rule (w) The Assignment of Trailers to Vehicles (Commercial)

When the number of commercial trailers exceeds the number of applicable motor vehicles on a policy, assign each trailer to the motor vehicle with which it is principally used and charge:

a) The full trailer premium for the number of highest rated trailers equivalent to the number of vehicles insured; and

b) 50% of the premium otherwise applicable to each remaining trailer.

Example:

If Trailers #1, #2, and #3 are principally used with Motor Vehicle A, and Trailer #4 is principally used with Motor Vehicle B, and Trailers #1 and #2 are the highest rated trailers; then the full trailer premium for Trailers #1 and #2 is charged, and 50% of the premium for Trailers #3 and #4 is charged.

Reasons

1. The rule recognizes the relatively reduced per trailer usage, and hence exposure, in situations where there are more trailers than motor vehicles on the policy.

Rule (x) Tractors

Tractors are to be classified as farm tractors when they are used solely for farming purposes. All other tractors are classified within the commercial vehicles category.

Rule (y) Van Pools

It is the Committee's recommendation that a motor vehicle used in a van pool be classified as a private use bus.

Rule (z) Transition Rule for Vehicle Claim History/Conviction History

1. Vehicle Claim - Vehicle claims other than those arising from accident benefits coverage: if prior to June 1, 1989, an insurer did not choose to recognize a vehicle claim in the

classification of a particular risk, that insurer shall not recognize the vehicle claim for the purpose of classifying that risk on or after June 1, 1989. However, another insurer may recognize the vehicle claim for the purpose of classifying that risk on or after June 1, 1989. All other vehicle claims which the insurer would not have recognized in the classification of risk had they been known prior to June 1, 1989 shall not be recognized by that insurer after June 1, 1989.

With respect to chargeable claims arising from accident benefits coverage, only those claims occurring on or after June 1, 1989 are to be recognized for the purpose of risk classification.

2. Conviction - All past convictions will be recognized for purposes of risk classification.

Reasons

1. In its decision the Board indicated its inclination to forgive past claims as provided under O. Reg. 406/88, but asked the Committee to consider whether other incurred claims should be forgiven. The Committee feels that it would be unfair not to forgive claims that were forgiven in

unfair not to forgive claims that were forgiven in the past.

2. For reasons of fairness and equity and because convictions are not generally forgiven by insurers today, the Committee recommends charging for past convictions.

Rule (aa) Commercial Vehicles Used For Pleasure

A commercial type vehicle may be classified for personal use only if SEF 36 is applied.

Reasons

1. The Committee feels that the rating of commercial type vehicles used for pleasure should continue substantially as at present.

Rule (bb) The Treatment of Convertibles

No rule is required.

Reasons

1. Convertibles are treated within the vehicle rating groups, as set forth in chapter 8 of these recommendations.

Rule (cc) Non-Pleasure Use Of Trailers & Camper Units, Off-Road Vehicles, and Snow Vehicles

The Committee recommends that non-personal use trailers, camper units, off-road vehicles and motorized snow vehicles be placed in the classification appropriate for their use.

Where such classification does not exist, the Board should develop a series of surcharges for each vehicle type based on the increased exposure to the insurer and applied to the pleasure base rate.

Rule (dd) New Ontario Residents

The claim history, conviction history and number of years licensed for new Ontario residents is to be recognized provided satisfactory proof of such driving experience is provided.

In the event satisfactory evidence is not provided with respect to claim history, conviction history, and number of years licensed, the risk will be classified as:

# Chargeable Claims in Last Six Years	0
# Consecutive Claim-Free Years	0
# Chargeable Convictions in Last Three Years	0
# Years Licensed	0

With respect to years licensed, a new resident of Ontario coming from outside Canada who can provide a copy of a current driver's licence shall be credited with the number of years licensed based upon the issuance date of that licence to a maximum of 3 years.

Reasons

1. Because of the difficulty in verifying driving experience, the Committee feels that companies should be allowed some degree of discretion in classifying new Ontario residents.

2. The Committee feels that Canadian driving experience is more relevant for purposes of proper risk classification than that from other countries.

Rule(ee) **Tractor-Trailer Train Classification**

Configuration of commercial trailers is to be classified as tractor-trailer train type when such a configuration is used for more than 20% of the time or mileage driven.

Rule (ff) **Motorized Snow Vehicles, Sleighs and Toboggans**

The value of sleighs and toboggans used with motorized snow vehicles should be included in determining price new of the motorized snow vehicle.

Reasons

1. In the Committee's view this rule is a simple and fair method of rating for the additional exposure presented by the existence of a sleigh or toboggan.

Rule (gg) **Suspension of Coverage**

The third party liability, accident benefits and collision coverage in respect of a vehicle that is temporarily laid up may be suspended by a means of SEF 16. The endorsement does not suspend the third party liability and accident benefits coverage that relate to driving other vehicles.

The endorsement may be used in respect of all motor vehicles except:

a) vehicles for which proof of insurance is issued or filed; and

b) seasonal vehicles.

If offered, an insurer must provide these endorsements uniformly to a given category of insurance.

Suspended coverages are reinstated by means of SEF 17.

Rule (hh) **Rating of Special Commercial Vehicle Use Classes**

Certain classes of commercial vehicles require adjustment of the manual premiums due to the higher or lower risk of loss for such risks. The manual premiums for such risks are to be modified by the percentage shown in the rate section of the manual.

Rule (ii) **Vintage Motorcyle**

A vintage motorcycle is a motorcycle fifteen years or older; if licensed, is operated on a highway only for the purpose of exhibition, tours or similar functions organized by a properly constituted automobile club, or for purposes of parades, repair, testing or demonstrations of same; and is substantially unchanged from the original manufacturer's product.

Rule (kk) **Abstinence**

In order to qualify for the Abstinence class of risk exposure an "Abstainers Rating Declaration" (in a form approved by the Board) must be signed by each driver in the household.

4.0 STANDARD COVERAGE LIMITS AND DEDUCTIBLES

4.1 The Technical Committee has reviewed coverage limits and deductibles which are commonly available in Ontario. In attempting to mitigate unnecessary complexity while preserving choice for consumers, the Committee has developed a proposed standard schedule of limits and deductibles.

4.2 The following liability limits and physical damage deductibles should be subject to Part II of the Act and represent the only limits or deductibles which the Committee recommends:

4.3

Third Party Liability Limits	Collision/Comprehensive/All Perils/ Specified Perils Deductibles
$200,000	$25
$300,000	$50
$500,000	$100
$750,000	$250
$1,000,000	$500
$1,500,000	$750
$2,000,000	$1,000
	$1,500
	$2,000
	$2,500
	$5,000
	$10,000
	$15,000
	$20,000
	$25,000

4.4 By allowing only these limits and deductibles, the Board will prevent insurers from offering other limits and deductibles as a means to escape regulation (e.g., by offering a $201,000 third party liability limit at a rate lower than the regulated $200,000 limit).

4.5 Some members of the Committee believe that because $2 million of third party liability coverage is required for certain public vehicles, for consistency and ease in understanding, third party liability limits up to $2 million should be regulated for all categories of insurance.

4.6 Some members of the Committee are concerned with the view that the Board regulate the premiums of third party liability coverage in excess of $1 million for personal use motor vehicles. These premiums are determined by reinsurers in money cases and can vary greatly amongst insurers. Should the regulated premiums be considered inadequate by the reinsurance community, coverage availability problems could result.

4.7 A $5,000 third party liability limit may be offered under SEF 22.

4.8 The Committee recommends that the Board not regulate coverage limits above $2 million. The reasons underlying this recommendation are that: 1) data are sparse; 2) the characteristics of individual risks (as distinguished from risk classes) are usually considered in underwriting and pricing decisions; 3) for many companies higher limits, if offered, are reinsured, and the prices of the corresponding loss layers are established between specific primary companies and reinsurers.

4.9 The large range in physical damage deductibles responds both to the lower deductible needs of most personal vehicles and to the higher deductible needs of large commercial and public vehicles.

5.0 ENDORSEMENTS

5.1 The Technical Committee considered the implications of the Board's decision not to allow an insurer to do indirectly through an endorsement something that it could not do directly under the rules and rates set by the Board.

5.2 The Committee suggests that the Board's decision be guided by two principles and that adoption of these principles would eliminate the need to regulate endorsement premiums and would minimize potential problems. These two principles are:

1) An insurer may not do indirectly through an endorsement what it could not do directly under the rules and rates set by the Board; and

2) The premium charged for an endorsement must not exceed the premium that would be charged had the vehicle or use been rated separately under the classification plan.

5.3 The Committee advises that regulating endorsement rating would be extremely difficult. There are no statistics available to assist in rate making since most endorsements are not coded separately from the coverage to which they refer. Further, the range of rates that would be required to reflect the varying exposures on many endorsements would make such regulation ineffective. The substantial increase in cost to incorporate endorsements into the Statistical Plan would not be justified.

5.4 The Committee draws to the Board's attention the use of non-standard forms in the industry. Although only Standard Endorsement Forms are approved by the Superintendent of Insurance, the Superintendent allows the use of non-standard forms provided they extend or liberalize but do not restrict or reduce coverage. Typically these endorsements are derivatives of SEFs 20, 27 and 43R and were developed for marketing reasons. The Committee refers to these endorsements to advise the Board of the additional complication they represent should endorsement rating be regulated.

5.5 A list of Standard Endorsement Forms with a brief description of each is set out as follows:

SEF No.	Title and Description
2	**Drive Other Automobiles Endorsement Named Person(s)** This endorsement extends the policy to provide third party liability and accident benefits coverage to individuals named in the endorsement while personally driving non-owned automobiles of the private passenger or station wagon type other than those automobiles shown on the policy. The endorsement is usually issued to cover officers and employees of corporations who drive other, non-owned automobiles.
3	**Drive Government Automobiles Endorsement** This endorsement extends the policy to cover the insured while operating government-owned vehicles for liability imposed on the insured

by law or assumed by the insured under contract or agreement. Third party liability, accident benefits and/or physical damage coverage is specifically extended on the endorsement.

4A **Permission to Carry Explosives Endorsement**
This endorsement modifies an exclusion in the policy to extend third party liability coverage, in the amount specified on the endorsement, while the vehicle is used to carry those types of explosives specified on the endorsement.

4B **Permission to Carry Radioactive Material Endorsement**
This endorsement extends the policy to cover third party liability in the amount specified on the endorsement, while the vehicle is used to carry those types of radioactive material specified in the endorsement.

5 **Permission to Rent or Lease Endorsement (Specified Lessee)**
This endorsement modifies an exclusion in the policy to extend coverage to the insured when the automobile is rented or leased to a specified lessee for a period exceeding thirty days.

5C **Permission to Rent or Lease Endorsement (Unspecified Lessee - Short term leases only)**

This endorsement modifies an exclusion in the policy to extend coverage to the insured when the automobile is rented or leased provided the renting or leasing to any one person does not exceed thirty days.

5D **Conversion Coverage Endorsement (Rented or Leased Automobiles)**

This endorsement modifies an exclusion in the policy to extend a specified amount of coverage to the insured for loss of the automobile caused by the conversion, embezzlement, theft or secretion of the automobile by a person in lawful possession of the automobile under specified types of agreement.

6A **Permission to Carry Passengers for Compensation Endorsement**

This endorsement modifies an exclusion in the policy to extend coverage while the vehicle is used to carry passengers for compensation or hire in the business or for the use specified in the endorsement.

6B **School Bus Endorsement**

This endorsement modifies an exclusion in the policy to extend coverage, as specified in the endorsement, when the automobile is used to carry passengers for compensation or hire for school purposes only. The amount of coverage is specified for the following:

a) Bodily injury or death of any one person; and

b) Bodily injury or death of two or more persons; or

c) Bodily injury or death of one or more passengers and loss of or damage to passengers' property.

Note: Passenger hazard limits are in addition to road liability.

6C **Public Passenger Vehicles Endorsement**

This endorsement modifies an exclusion on the policy to extend coverage as specified in the endorsement when the automobile is used to carry passengers for compensation. The amount of coverage is specified for the following:

a) Bodily injury or death of any one person; and

b) Bodily injury or death of two or more persons; and

c) Loss or damage to property; or

d) Bodily injury or death and loss or damage to passengers' property.

Note: Passenger hazard limits are in addition to road liability.

6D **Driver Training School Endorsement**

This endorsement modifies an exclusion in the policy to extend third party liability coverage, in the amount specified, to student drivers/observers when the automobile is used for Driving Training School purposes. The amount of coverage is specified for the following:

a) Bodily injury or death of any one person; and

b) Bodily injury or death of two or more persons.

Note: Passenger hazard limits are in addition to road liability.

6F **Public Passenger Vehicles Endorsement**

This endorsement modifies an exclusion in the policy to extend coverage when the automobile is used to carry passengers for compensation.

Note: Third party limits apply to both passenger hazard and road liability.

8 **Property Damage Reimbursement Endorsement (Section A only)**

This endorsement places a deductible on the property damage section of third party liability whereby the insured agrees to reimburse the insurer a specified amount or actual amount of loss or damage, whichever is the lesser, with respect to loss or damage to property covered under Section A of the policy.

9 **Marine Use Excluded Endorsement (Amphibious Vehicles)**

This endorsement adds an exclusion to the policy to delete coverage when the automobile is used in or upon water or while being launched or landed.

10 **Change of limits and Deductibles Endorsement**

11 **Change of Coverage Endorsement (Section C)**

12 **Additional Coverage Endorsement**

13A **Deletion of Automobile Endorsement**

13B **Deleted Coverage Endorsement (Cancellation)**

Endorsements 10 through 13B are 'functional' endorsements used solely to facilitate processing of the changes most commonly made to a policy such as the deletion of an automobile, change in deductible amount etc.. Invariably these endorsements involve calculations made to premiums that are regulated by the Board.

13C **Comprehensive Cover - Deletion of Glass Endorsement**

This endorsement modifies comprehensive coverage to restrict insured loss or damage to glass to that caused by the perils specified.

14 **Addition of Automobile Endorsement**

15A Substitution of Automobile Endorsement (no change in coverage)

15B Combined Substitution of Automobile and Additional Coverage Endorsement

Endorsements 14 through 15B are 'functional' endorsements as described under SEF 10-13B.

16 Agreement for Suspension of Coverage Endorsement
This endorsement describes the coverage that is to be continued and how the return premium is to be calculated upon reinstatement of coverage.

17 Reinstatement of Coverage Endorsement
This endorsement reinstates coverage which was suspended when SEF 16 was issued and indicates the amount of premium being refunded under each section of the policy.

19 Limitation of Amount Endorsement
This endorsement limits the amount payable under Section C of the policy to the lesser of the actual cash value of the automobile or the amount specified in the endorsement.

19A Valued Automobile Endorsement
This endorsement specifies the agreed value of the automobile.

20 Loss of Use Endorsement
This endorsement adds coverage for the cost

of alternative transportation while the insured automobile is not in use due to an insured claim. The maximum amount payable and a daily maximum, if any, are specified.

22 **Damage to Property of Passengers Endorsement**
This endorsement extends coverage for loss or damage to property of passengers where the insured is liable for the loss or damage and specifies the maximum amount payable for any one accident.

23A **Mortgage Endorsement**
This endorsement specifies that any payment made under Section C of the policy will be made jointly to the insured and lienholder whose name appears on the endorsement and that the insurer will provide fifteen days notice to the lienholder if any coverage under Section C of the policy is cancelled.

23B **Mortgage Endorsement (broad form)**
This endorsement provides the lienholder with the same protection as SEF 23A and also extends coverage to the lienholder if the insured breaches any policy conditions.

24 **Fire Apparatus Endorsement**
This endorsement excludes physical damage coverage on equipment removed from the automobile while located at a fire.

25 **Alteration Endorsement**

25A **Alteration Endorsement**

Endorsements 25 and 25A are 'functional' endorsements as described under SEF 10-13B.

26 **Disappearing Deductible Endorsement**

This endorsement modifies the deductible clause amount under collision coverage to the amount stated less the amount by which loss or damage exceeds the amount stated.

27 **Legal Liability for Non-owned Automobile Endorsement**

This endorsement extends specified coverage under Section C of the policy for loss or damage to non-owned automobiles where the insured or his/her spouse is liable for the loss or damage.

28 **Reduction of Coverage as Respects Operation by Named Person(s) Endorsement**

This endorsement reduces coverage to the amount specified while the person(s) named drives the automobile.

29 **Additional Coverage as Respects Operation by Named Person(s) Endorsement**

This endorsement increases coverage to the amount specified while the person(s) named drives the automobile.

30 **Excluding Operation of Attached Machinery Endorsement**

This endorsement adds an exclusion under Section A of the policy with respect to loss or damage arising out of the ownership, use or operation of the described machinery or apparatus.

31 **Non-owned Equipment Endorsement**

This endorsement extends coverage under Section C of the policy to equipment not owned by the insured.

32 **Recreational Vehicle Endorsement**

This endorsement extends the policy to cover off-highway operation of recreational vehicles by unlicensed persons and persons under 16 years of age.

35 **Emergency Service Expense Endorsement**

This endorsement extends coverage to insure the cost of towing and emergency service if the automobile is disabled, to a maximum of $50.00 in any one occurrence.

36 **Commercial Automobiles Used Exclusively for Pleasure Endorsement**

This endorsement specifies that the automobile is deemed to be of the private passenger or station wagon type.

40 **Fire and Theft Deductible Endorsement**

This endorsement adds the deductible clause to the perils of fire and theft of the entire automobile. (These perils are not otherwise subject to a deductible.)

43R **Limited Waiver of Depreciation Endorsement**

This endorsement expands coverage on the automobile by eliminating depreciation in the calculation of loss on a new automobile for 24 months.

44 **Family Protection Endorsement**
This endorsement extends coverage to the insured and defined others who have a claim against another motorist for injuries or death if the other motorist does not have sufficient insurance to pay their claim. Coverage is limited to the difference between the limit carried by the insured and the motorist at fault.

60 **Legal Liability for Damage to Non-owned Automobile Endorsement**
This endorsement extends coverage in the same manner as SEF 27. It is used with SPF 2, Drivers Policy.

5.6 A list of the Standard Endorsement Forms to which Part II of the Act applies, as per O. Reg 406/88 is set out as follows:

SEF No.	**TITLE**
3	Drive Government Automobiles Endorsement
5C	Permission to Rent or Lease Endorsement
6A	Permission to Carry Passengers for Compensation Endorsement
6B	School Bus Endorsement

6C	Public Passenger Vehicles Endorsement
6D	Driver Training School Endorsement
6F	Public Passenger Vehicles Endorsement
9	Marine Use Excluded Endorsement (Amphibious Vehicles)
13C	Comprehensive Cover Deletion of Glass Endorsement
16	Agreement for Suspension of Coverage Endorsement
17	Reinstatement of Coverage Endorsement
19	Limitation of Amount Endorsement
19A	Valued Automobile Endorsement
20	Loss of Use Endorsement
22	Damage to Property of Passengers Endorsement
23B	Mortgage Endorsement (broad form)
27	Legal Liability for Damage to Non-owned Automobile Endorsement
28	Reduction in Coverage as Respects Operation by Named Person(s) Endorsement

29	Additional Coverage as Respects Operation by Named Person(s) Endorsement
35	Emergency Service Expense Endorsement
40	Fire and Theft Deductible Endorsement
43R	Limited Waiver of Depreciation Endorsement
44	Family Protection Endorsement
60	Legal Liability for Damage to Non-owned Automobile Endorsement.

5.7 The Committee has reviewed the list of Standard Endorsement Forms and those included under Part II of the Act through O. Reg 406/88. The Standard Endorsement Forms that the Technical Committee recommends be included, should the Board decide to regulate endorsements, are set out below:

SEF No.	Title
3	Drive Government Automobiles Endorsement
6A	Permission to Carry Passengers for Compensation Endorsement
6D	Driver Training School Endorsement
8	Property Damage Reimbursement Endorsement (Section A only)

13C	Comprehensive Cover - Deletion of Glass Endorsement
20	Loss of Use Endorsement
22	Damage to Property of Passengers Endorsement
23B	Mortgage Endorsement (broad form)
27	Legal Liability for Damage to Non-owned Automobile Endorsement
35	Emergency Service Expense Endorsement
40	Fire and Theft Deductible Endorsement
43R	Limited Waiver of Depreciation Endorsement
44	Family Protection Endorsement
60	Legal Liability for Damage to Non-owned Automobile Endorsement

5.8 The differences between the Technical Committee's recommendation and O. Reg 406/88 with respect to Standard Endorsement Forms are set out below with reasons.

SEF No.	Title
5C	Permission to Rent or Lease Endorsement (Unspecified Lessees - short term leases only)

Reasons	The endorsement is usually issued to car rental companies insured on a fleet basis. The policy premium is based on the use of the vehicle. The endorsement would not, therefore, generate an additional premium and is issued solely to grant permission for the short term rental of the vehicle.
6B	School Bus Endorsement
6C	Public Passenger Vehicles Endorsement
6F	Public Passenger Vehicles Endorsement
Reasons	These endorsements are attached to the policy to give permission for the automobile's use as applicable. The policy premium reflects this use and the endorsement does not, therefore, generate additional premium.
9	Marine Use Excluded Endorsement (Amphibious Vehicles)
Reasons	The endorsement does not affect premium. It restricts exposure of amphibious vehicles to land.
16	Agreement for Suspension of Coverage Endorsement
17	Reinstatement of Coverage Endorsement
Reasons	These endorsements do not affect rating and SEF 16 stipulates how premium refunds are to be calculated.

19 **Limitation of Amount Endorsement**

19A **Valued Automobile Endorsement**

Reasons These endorsements establish a value to which a regulated premium already applies.

28 **Reduction of Coverage as Respects Operation by named Person(s) Endorsement**

29 **Additional Coverage as Respects Operation by named Person(s) Endorsement**

Reasons Regulated rates apply to these endorsements.

5.9 The Committee notes that the Board has a direct interest with respect to Standard and Non-Standard Endorsements. The Board should be informed of any additional Standard Endorsement Forms so that it can consider how, if at all, it will regulate endorsements. Non-Standard Endorsement Forms although not approved by the Superintendent, are used by insurers as set out in paragraph 5.4. The current method of creating and using Non-Standard Endorsements may create difficulties for the Board in regulating endorsements. A composite list of Non-Standard Endorsement Forms does not exist.

5.10 The Committee reiterates its recommendation that the only direct regulation of endorsements be through adoption of the principles noted in paragraph 5.2, except for SEF 44 (as noted in paragraph 10.1).

6.0 FORMS

6.1 The implementation of the new classification system and the new statistical plan developed by the Board will require the development of a form or forms to capture the required statistical, rating, and underwriting data.

6.2 For those persons presently insured, much data already exists. Some of this data can be used in the new system; use of some of the data will be prohibited. As well, there is a need to capture data that was not previously required.

6.3 For those persons who are not presently insured but who will be insured in the future, only data that is relevant to the new classification plan and statistical plan is to be captured.

6.4 The Technical Committee recognizes that after June 1, 1989 the rules of rating will be the same for all drivers. Therefore, the Technical Committee recommends that only one form be developed and that this form serve two purposes:

1. To secure additional data needed to re-classify presently insured drivers; and
2. To secure data needed to classify future applicants.

6.5 In effect, the form needed in paragraph 6.4 is an application form. Such forms are approved by the Superintendent of Insurance pursuant to Section 203 of the Insurance Act. The Technical Committee met with the Deputy Superintendent to discuss the specific design of the form. The Committee was advised that the Superintendent had formed a forms committee to design a new application form and that if the specific information required by the Board was identified this committee would proceed with haste to complete the forms design and then the Superintendent would approve a new form. The Technical Committee therefore recommends that the Board and the Superintendent jointly develop a new application form.

6.6 The present approved application is included in this report as Appendix D. With reference to that application form, the present questions which gather data on the driver's age, sex, marital status, family status, and handicap will not be present on the new approved application form. Hence, the new application form will be designed so that the only data captured on this form will be that which is consistent with the new statistical plan, the new classification variables, and other incidental underwriting and administrative information needed to properly appraise the risk and process the policy. The data needed for purposes of the classification and statistical plans is outlined in Chapter 7.

6.7 The new application form should be designed so that it can be used to secure insurance for the vast majority of drivers and vehicles. However, the Technical Committee recognizes that there are certain vehicles and vehicle uses (primarily commercial and public vehicles) which require additional underwriting information so that their risk can properly be assessed. In relative terms, these vehicles and vehicle uses are encountered infrequently in the market place and the Technical Committee recommends that a separate "commercial and/or public vehicles supplemental underwriting questionnaire" be developed. The Technical Committee recommends that the Board approves the content of this supplemental questionnaire, but not its design. The Committee also recommends that this supplementary questionnaire needs not be approved by the Superintendent of Insurance. A Commercial Vehicle(s) Supplement questionnaire designed by the Centre for Study of Insurance Operations (CSIO) currently exists, and is attached hereto as Appendix E. The Technical Committee recommends that a form derived from this form be developed by CSIO once the Superintendent has approved the standard application form.

6.8 Again, with reference to Appendix D, the Committee is concerned with the elimination of the existing questions 6(a) and 6(b) from the new approved application form. The development of a mental or physical disability in a person subsequent to that person being granted a driver's licence could constitute a material change of risk. At present, a driver is required to report to the Ministry of Transportation of Ontario any medical development which, in that person's opinion, might affect his/her ability to safely operate an automobile. In reality, the Committee feels that some people do not report such developments, either out of ignorance of the law or having made the decision that the development does not adversely affect their ability to drive safely.

6.9 The public-at-large has a right to expect that no person would be licensed to drive unless medically fit.

6.10 The elimination of questions 6(a) and 6(b) prevent an insurer from determining whether or not any medical disorders are present.

6.11 Since this issue has serious implications for both insurance companies and the public-at-large, the Technical Committee recommends that the Board take appropriate action to ensure that the public interest, including the specific interests of the insurance companies and public safety, is not compromised by the insurer not acquiring certain specific medical information.

7.0 THE BOARD STATISTICAL PLAN

7.1 This chapter sets out the Technical Committee's recommendations with respect to the Board Statistical Plan.

7.2 To facilitate consideration, the Technical Committee formed a subcommittee to conduct an analysis and make recommendations; however, neither the Technical Committee nor its subcommittee on the statistical plan had the necessary time to adequately undertake a detailed data or systems architectural design. The Technical Committee recommends that the Board engage experts to advise the Board on these matters.

7.3 The Technical Committee further recommends to the Board that the Board Statistical Plan not be designed to capture specific data on non-regulated lines of business. The reasons for this are:

1) the Technical Committee cannot recommend data elements in the absence of a classification system for those lines of business since the critical variables for capture have not been identified;

2) the complexity of adding non-regulated lines' data would severely tax the capacity of existing systems; and

3) incorporating statistical tracking of non-regulated lines before the scheduled implementation date of the classification plan would be extremely difficult, if not impossible. Any statistical system which the Board may desire for tracking non-regulated lines of business should be designed and developed as a satellite system.

7.4 The Committee was guided by basic principles which it identified at the outset of its consideration; those principles are set out below.

The Board Statistical Plan should:

1. permit capture of data for all regulated automobile risks in Ontario;

2. be based upon the concept of "value coding", to the extent possible;

3. satisfy the rate making needs for the classification plan;

4. provide for the collection of data that would assure future flexibility for the Board in rate making;

5. support the current vehicle-based system of insurance and rating, as well as provide the flexibility to accommodate a driver-based system of insurance and rating;

6. accommodate the proposed claims tracking system; and

7. be portable.

7.5 The subcommittee began its work by reviewing, in detail, a proposed statistical plan developed by an all-industry committee under the direction of the Insurance Bureau of Canada (I.B.C.). The design of this new plan began in March 1988 in anticipation of a uniform classification plan for insurers in Ontario. Considerable work went into the design of this new plan, but the introduction of the plan was delayed pending the outcome of Board Hearing I-88-1A. The subcommittee found that the proposed statistical plan embodied many of the aforementioned principles and decided to use the proposed I.B.C. statistical plan as a basis from which to consider the Board Statistical Plan. However, for the reasons cited in 7.2, the subcommittee could not endorse the proposed IBC statistical plan as the system design implications could not be properly evaluated.

7.6 To address the principles noted in paragraph 7.4, the Committee recommends supplementing the proposed I.B.C. statistical plan so as to capture additional information that the Committee feels is necessary to support the classification plan and to provide the flexibility for accommodating a driver-based system of insurance.

7.7 The Committee recommends that the Board Statistical Plan capture the data elements specified in this chapter. Major features of the recommended data for the Board Statistical Plan include the following:

1. data on a "value coding" basis, including annual driving distance, garaging postal code, engine

displacement, radius of operation, original year of licensing and gross vehicle weight; and

2. additional data that will provide the Board with future rate-making flexibility, including Vehicle Information Number, commuting distance, claims by year and coverage over the past six years, convictions by year over the past six years, and commercial vehicle body type.

7.8 The data elements proposed support the present vehicle-based system of rating by calling for one statistical record per vehicle insured. However, they can also support a driver-based system of rating by simply requiring no more than one driver to be captured per (vehicle) record. The architecture of a "dual-purpose" system will have to be resolved.

7.9 The data elements proposed are easily integrated with IBC's proposed claims tracking system.

7.10 The data elements do not restrict portability of the Board Statistical Plan.

SECTION I - Information to be Captured on Both the Vehicle Premium and Claim Records that Varies by Category of Insurance

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CATEGORY OF INSURANCE: Personal Vehicles - Private Passenger Automobile

A. Vehicle Information

1. Annual Driving Distance - Actual value to nearest thousand kilometres

2. Use -
   a) Pleasure
      Commute
      Business
      Farm

   b) One way commute distance (km)
      Average weekly commute distance (km)

3. Territory - As defined by the Board

4. Postal Code - Of the principal place of garaging

5. Model Year - As defined by the Board

6. Vehicle Code - The VCS vehicle code number

7. VIN - The first ten positions of the vehicle VIN

8. Vehicle Value - To the nearest $100 only for those vehicles for which a VCS vehicle code has not been assigned

9. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

10. U.S. Exposure - Percent of U.S. Exposure as defined by the Board

11. Multi-Vehicle Indicator - Whether the multi-vehicle class of risk exposure applies

12. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company

13. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

B. Driving Information

1. Number of Secondary Drivers of the Vehicle - As defined by the Board

2. Abstinence - Whether the abstinence class applies as defined by the Board

3. Number of Claims by Year and Coverage

    a) Separately for principal driver, all secondary drivers combined, all other drivers combined

b) For Third Party Liability, Accident Benefit, Collision, Comprehensive, Family Protection, and "Other"

c) By year for the most recent six year period

d) By chargeable and non-chargeable claims

4. Number of Convictions by Year

a) Separately for principal driver, and all secondary drivers combined

b) By "serious", "major", "minor" type as defined by the Board

c) By year for the most recent six year period

5. Year First Licensed

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

6. Years Licensed ("Net" for rating as defined by the Board)

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

7. Driver Training

a) Whether driver training class applies

b) Separately for the principal driver, and least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Personal Vehicles - Motorcycles

A. Vehicle Information

1. Annual Driving Distance - To nearest thousand kilometre

2. Use -
   a) Pleasure
      Commute
      Business

   b) One way commute distance (km)
      Average weekly commute distance (km)

3. Territory - As defined by the Board

4. Postal Code - Of the principal place of garaging

5. Model Year - As defined by the Board

6. Vehicle Code - The VCS vehicle code number (Note - assumption is made that such a code will be developed by VCS)

7. VIN - The first ten positions of the vehicle's VIN

8. Vehicle Value - To the nearest $100

9. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

10. U.S. Exposure - Percent of U.S. Exposure as defined by the Board

11. Multi-Vehicle Indicator - Whether the multi-vehicle class of risk exposure applies

12. Number of Vehicles - Of the same category of insurance under common ownership, and insured with the same company

13. Period Owned/Leased - The number of years the insured has been the owner or long-term leasee of the vehicle or the vehicle that it replaced

14. Engine Displacement - Actual value to nearest cc

B. Driving Information

1. Number of Secondary Drivers of the Vehicle

- As defined by the Board

2. Abstinence - Whether the abstinence class as defined by the Board applies

3. Number of Claims by Year and Coverage

a) Separately for principal driver, all secondary drivers combined, all other drivers combined

b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

c) By year for the most recent six year period

d) By chargeable and non-chargeable claim

4. Number of Convictions by Year

a) Separately for principal driver, and all secondary drivers combined

b) By "serious", "major", "minor" type as defined by the Board

5. Year First Licensed

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

6. Years Licensed ("Net" for rating as defined by the Board)

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

7. Driver Training

a) Whether driver training class applies

b) Separately for the principal driver, and the least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Personal Vehicles - Off Road Vehicles

A. Vehicle Information

1. Territory - As defined by the Board
2. Postal Code - Of the principal place of garaging
3. Model Year - As defined by the Board
4. Vehicle Code - The VCS vehicle code number (if available)
5. VIN - The first ten positions of the vehicle VIN
6. Vehicle Value - To the nearest $100
7. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned
8. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company
9. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced
10. Engine Displacement - Actual value to nearest cc

11. Vehicle Type - Amphibious
ATV with caterpillar track
ATV without caterpillar track
Dune Buggy
Golfmobile
Mini Bike
Trail Bike
Other

13. Number of Wheels - Actual number of wheels

B. Driving Information

1. Number of Secondary Drivers of the Vehicle

- As defined by the Board

2. Number of Claims by Year and Coverage

a) Separately for principal driver, all secondary drivers combined, all other drivers combined

b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

c) By year for the most recent six year period

d) By chargeable and non-chargeable claim

3. Number of Convictions by Year

   a) Separately for principal driver, and all secondary drivers combined

   b) By "serious", "major", "minor" type as defined by the Board

4. Year First Licensed

   Separately for the principal driver, and the least experienced secondary driver as defined by the Board

5. Years Licensed ("Net" for rating as defined by the Board)

   Separately for the principal driver, and the least experienced secondary driver as defined by the Board

6. Driver Training

   a) Whether driver training class applies

   b) Separately for the principal driver, and least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Personal Vehicles - Snow Vehicles

A. Vehicle Information

1. Territory - As defined by the Board

2. Postal Code - Of the principal place of garaging

3. Model Year - As defined by the Board

4. Vehicle Code - The VCS vehicle code number (if available)

5. VIN - The first ten positions of the vehicle's VIN

6. Vehicle Value - To the nearest $100

7. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

8. Number of vehicles - Of the same category of insurance, under common ownership, and insured with the same company

9. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

11. Engine Displacement - Actual value to nearest cc

B. Driving Information

1. Number of Secondary Drivers of the Vehicle

    - As defined by the Board

2. Number of Claim by Year and Coverage

    a) Separately for principal driver, all secondary drivers combined, all other drivers combined

    b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

    c) By year for the most recent six year period

    d) By chargeable and non chargeable claim

3. Number of Convictions by Year

    a) Separately for principal driver, and all secondary drivers combined

    b) By "serious", "major", "minor" type as defined by the Board

4. Year First Licensed

    Separately for the principal driver, and the least experienced secondary driver as defined by the Board

5. Years Licensed ("Net" for rating as defined by the Board)

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

6. Driver Training

a) Whether driver training class applies

b) Separately for the principal driver, and least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Personal Vehicles - Historic Vehicles

A. Vehicle Information

1. Annual Driving Distance - To nearest thousand kilometres
2. Territory - As defined by the Board
3. Postal Code - Of the principal place of garaging
4. Model Year - As defined by the Board
5. Vehicle Code - The VCS vehicle code number (if available)
6. VIN - The first ten positions of the vehicle's VIN
7. Vehicle Value - To the nearest $100
8. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned
9. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company
10. Period Owned/Leased - The number of years the insured has been the owner or long-term leasee of the vehicle or the vehicle that it replaced.
11. Vehicle Type
    a) Private Passenger Automobile
    b) Motorcycle

B. Driving Information

1. Number of Secondary Drivers of the Vehicle

   - As defined by the Board

2. Number of Claims by Year and Coverage

   a) Separately for principal driver, all secondary drivers combined, all other drivers combined

   b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

   c) By year for the most recent six year period

   d) By chargeable and non-chargeable claim

3. Number of Convictions by Year

   a) Separately for principal driver, and all secondary drivers combined

   b) By "serious", "major", "minor" type as defined by the Board

4. Year First Licensed

   Separately for the principal driver, and least experienced secondary driver as defined by the Board

5. Years Licensed ("Net" for rating as defined by the Board)

Separately for the principal driver, and least experienced secondary driver as defined by the Board

6. Driver Training

   a) Whether driver training class applies

   b) Separately for the principal driver, and least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Personal Vehicles - Trailer & Camper Unit

A. Vehicle Information

1. Vehicle Type -

- Camper Unit
- Cabin or Home Trailer
- Tent Trailer
- Boat or Snowmobile Trailer
- Home Trailer
- Sleigh, Toboggan
- Utility
- Other

2. Vehicle Value - To the nearest $100

CATEGORY OF INSURANCE: Personal Vehicles - Motor Homes

A. Vehicle Information

1. Annual Driving Distance - Actual value to nearest thousand Kilometre

2. Territory - As defined by the Board

3. Postal Code - Of the principal place of garaging

4. Model Year - As defined by the Board

5. Vehicle Code - The VCS vehicle code number (if available)

6. VIN - The first ten positions of the vehicle's VIN

7. Vehicle Value - To the nearest $100

8. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

9. U.S. Exposure - Percent of U.S. Exposure as defined by the Board

10. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company

11. Vehicle Use - Pleasure
    Other

12. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

13. Vehicle Type - Compact
Conventional
Low Profite
Mini
Van Camper

B. Driving Information

1. Number of Secondary Drivers of the Vehicle

- As defined by the Board

2. Number of Claims by Year and Coverage

a) Separately for principal driver, all secondary drivers combined, all other drivers combined

b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

c) By year for the most recent six year period

3. Number of Convictions by Year

a) Separately for principal driver, and all secondary drivers combined

b) By "serious", "major", "minor" type as defined by the Board

4. Year First Licensed

Separately for the principal driver, and the least experienced secondary driver or defined by the Board

5. Years Licensed ("Net" for rating as defined by the Board)

Separately for the principal driver, and the least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Commercial Vehicles - Commercial Vehicles Other than Trailers

A. Vehicle Information

1. Annual Driving Distance - To nearest thousand kilometre

2. Use - The Board's three character use class code

3. Territory - As defined by the Board

4. Postal Code - Of the principal place of garaging

5. Model Year - As defined by the Board

6. Vehicle Code - The VCS vehicle code number (if available)

7. VIN - The first ten positions of the vehicle's VIN

8. Vehicle Value - To the nearest $100

9. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

10. U.S. Exposure - Percent of U.S. Exposure as defined by the Board

11. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company

12. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

13. Vehicle Weight - Actual vehicle gross weight to the nearest tonne

14. Vehicle Class - Interurban
Non-interurban

15. Radius of Operation - Value to nearest km

16. Vehicle Type -

- Car Carrier
- Catering
- Cement
- Dump
- Fire Truck
- Flatbed
- Full Van
- Garbage
- Flatbed
- Stake
- Garbage
- Log
- Mini-Van
- Pick-up
- Police Truck
- Refrigerated
- Stake
- Step Delivery Van
- Straight Truck
- Log
- Tank
- Tow
- Tractor-Trailer
- Utility
- Other

B. Driving Information

1. Driver Status - Identified Driver
Non-Identified Driver

2. Number of Secondary Drivers of the Vehicle - As defined by the Board (for identified driver status only)

3. Number of Claims by Year and Coverage

   a) Separately for principal driver, all secondary drivers combined, all other drivers combined (for identified driver status only)

      By vehicle (for non-identified driver status)

   b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "Other"

   c) By year for the most recent six year period

   d) By chargeable and non-chargeable claim

4. Number of Convictions by Year (for identified driver status only)

   a) Separately for principal driver, and all secondary drivers combined

   b) By "serious", "major", "minor" type as defined by the Board

5. Year First Licensed (for identified driver status only)

   Separately for the principal driver, and the least experienced secondary driver as defined by the Board

6. Years Licensed (for identified driver status only)

   Separately for the principal driver, and the least experienced secondary driver as defined by the Board

7. Driver Training (for identified driver status only)

    a) Whether driver training class applies

    b) Separately for the principal driver, and the least experienced secondary driver as defined by the Board

CATEGORY OF INSURANCE: Commercial Vehicles - Trailers

A. Vehicle Information

1. Use - a) The Board's three character use class code
   b) Cargo
   Specific Function
2. Territory - As defined by the Board
3. Postal Code - Of the principal place of garaging
4. Model Year - As defined by the Board
5. Vehicle Code - The VCS vehicle code number (if available)
6. VIN - The first ten positions of the vehicle's VIN
7. Vehicle Value - To the nearest $100
8. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned
9. U.S. Exposure - Percent of U.S. Exposure as defined by the board
10. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company

11. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

12. Radius of Operation - Value to nearest km (of towing vehicle)

13. Trailer Configuration

- Gooseneck
- Pup Trailer
- Semi-Trailer
- Trailer Converted Dolly
- Trailer Train
- Other

14. Trailer Type

- Auto Hauler
- Bulk Commodity
- Dry Freight
- Dump
- Flatbed
- Horse
- Livestock
- Low Body
- Rag Top
- Tank

B. Driving Information

1. Driver Status - Same as towing vehicle

2. Number of Secondary Drivers of the Vehicle - Same as towing vehicle

3. Number of Claims by Year and Coverage - Same as towing vehicle

4. Number of Convictions by Year - Same as towing vehicle

5. Year First Licensed - Same as towing Vehicle

6. Net Years Licensed - Same as towing vehicle

7. Driver Training - Same as towing vehicle

CATEGORY OF INSURANCE: Public Vehicles - Other than Taxis & Limousines

A. Vehicle Information

1. Annual Driving Distance - Actual value to nearest thousand kilometres

2. Use -
   - Ambulance - private
   - Ambulance - public
   - Charter
   - Country Club
   - Funeral - hearse
   - Funeral - mourning car
   - Golf Club
   - Hotel
   - Other Bus Use
   - Private - church, charitable institution, etc.
   - Private - transportation of employees
   - Private - van pooling
   - Public - scheduled routes only
   - Public - all uses
   - Resort
   - School - school use only
   - School - school including other activities
   - Summer Camp

3. Territory - As defined by the Board

4. Postal Code - Of the principal place of garaging

5. Model Year - As defined by the Board

6. Vehicle Code - The VCS vehicle code number (if available)

7. VIN - The first ten positions of the vehicle's VIN

8. Vehicle Value - To the nearest $100

9. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned

10. U.S. Exposure - Percent of U.S. Exposure as defined by the Board

11. Number of vehicles - Of the same category of insurance, under common ownership, and insured with the same company

12. Period Owned/Leased - The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced

13. Number of Passenger Seats - Actual number of seats

14. Radius of Operation - Value to the nearest km

B. Driving Information

1. Driver Status - Identified Driver
Non-Identified Driver

2. Number of Claims by Year and Coverage

   a) Separately for principal driver, all secondary drivers combined, all other drivers combined (for identified dirver status only)

      By vehicle (non-identified driver status)

   b) For Third Party Liability, Accident Benefit, Collision, Comprehensive, Family Protection, and "other"

   c) By year for the most recent six year period

3. Year First licensed (for identified driver status only)

   Separately for principal driver, and least experienced secondary driver as defined by the Board.

4. Years licensed (for identified driver status only)

   Separately for principal driver, and least experienced secondary driver as defined by the Board.

5. Driver training (for identified driver status only)

   a) whether driver training class applies

b) separately for the principal driver, and the least experienced secondary driver as defined by the Board.

6. Number of convictions by year (for identified driver status only)

CATEGORY OF INSURANCE: Public Vehicles - Taxis and Limousines

A. Vehicle Information

1. Annual Driving Distance - Actual value to nearest thousand kilometres
2. Use - Taxi
   Limousine - airport use
   Limousine - Other
3. Territory - As defined by the Board
4. Postal Code - Of the principal place of garaging
5. Model Year - As defined by the Board
6. Vehicle Code - The VCS vehicle code number (if available)
7. VIN - The first ten positions of the vehicle's VIN
8. Vehicle Value - To the nearest $100
9. Manufacturer - Only for those vehicles for which a VCS vehicle code has not been assigned
10. Number of Vehicles - Of the same category of insurance, under common ownership, and insured with the same company

11.	Period Owned/Leased -	The number of years the insured has been the owner or long-term lessee of the vehicle or the vehicle that it replaced
12.	Plate Ownership -	Owned plate Leased plate

B. Driving Information

1. Number of Secondary Drivers of the Vehicle - As defined by the Board

2. Number of Claims by Year and Coverage

   a) Separately for principal driver, all secondary drivers combined, all other drivers combined (owner operated and identified driver status only)

      By vehicle (non-identified driver status)

   b) For Third Party Liability, Accident Benefits, Collision, Comprehensive, Family Protection, and "other"

   c) By year for the most recent six year period

3. Number of Convictions by Year (for owner operated and identified driver status only)

   a) Separately for principal driver, and all secondary drivers combined

b) By "serious", "major", "minor" type as defined by the Board

4. Year First Licensed (for owner operated and identified driver status only)

   Separately for the principal driver, and least experienced secondary driver as defined by the Board

5. Years Licensed (for owner operated and identified driver status only)

   Separately for the principal driver, and least experienced secondary driver as defined by the Board

6. Driver Training (for owner operated and identified driver status only)

   a) Whether driver training class applies

   b) Separately for the principal driver, and least experienced secondary driver as defined by the Board

7. Driver Status - Identified Driver
   Non-idenfified driver
   Owner-operated

SECTION II - Information to be Captured on Both the Vehicle Premium and Claim Records that Applies to all Categories of Insurance

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1. Statistical Plan Identifier - To identify the submission as being for the Board's statistical plan.

2. Company Code - To identify the insurance company submitting the data

3. Transaction Code - To identify the type of transaction: premium, claim payments, claim reserves

4. Entry Date - The month and year of the data submission (for control purposes)

5. Policy Identification Number - As applicable

6. Policy Period Effective Date - The day, month, and year of the effective date of the policy period for which the transaction is applicable

7. Policy Period Expiration Date - The day, month, and year of the expiration date of the policy period for which the transaction is applicable

8. Policy Inception Date - The day, month and year of which the policy was originally insured by the insurer.

9. Type of Business - SPF 1
   SPF 2

10. Transaction Posting Date - The day, month, year the risk transaction is posted

SECTION III - Information to be Captured on the Vehicle Premium Record that Applies to all Categories of Insurance

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1. Transaction Effective Date - The day, month, year in which the date the risk transaction is effective.

2. Transaction Type - An identifier to distinguish among:

   Original premium:
   - new policy
   - renewal policy

   Mid-term premium change:
   - cancellation of a vehicle/risk
   - new policy
   - renewal policy
   - other mid-term return premium

3. Exposure Amount - the number of vehicles/units to which the reported premium applies

4. Number of Coverage/Premium Segments - The number of coverage/premium segments that apply

5. Coverage/Premium Segments - The following information is to be coded for all coverages (including endorsements):

   1. Coverage Type - A code to indicate whether the applicable coverage is Third Party Liability (separately identified by Road Hazard and Passenger Hazard where appropriate), Accident Benefits, All-Perils, Collision, Comprehensive, Specified Perils, or any regulated endorsement

2. Coverage Limit/Deductible - A code to identify the applicable limit or deductible (including a split between per person/per accident, or road hazard/passenger hazard where appropriate)

3. Premium - The amount of the premium is to be reported, separated between the regulated and excess portion of any liability premium. Note, only that portion of the premium attributed to the Canadian risk exposure is to be reported

SECTION IV - Information to be Captured on the Vehicle Claim Record that Applies to all Categories of Insurance

1. Claim Identification Number - As applicable

2. Occurrence Date - The day/month/year the claim occurred

3. Occurrence Location - A code to identify where the claim occurred: by province; U.S.A.

4. Trailer/Camper Exposure - A code to indicate whether a trailer or camper unit was in use with the vehicle at the time of the occurrence. For commercial trailers report the trailer configuration, trailer type, and cargo/specific function indicator. For personal trailers report the trailer type.

5. Number of Coverage Segments - The number of coverage/claim segments that apply

6. Coverage/Claim Segments - The following information is to be coded for all applicable coverages (including endorsements):

1. Cause of Loss -

Third Party Liability:

a) Bodily injury - Passenger(s) of insured vehicle
b) Bodily injury - Other
c) Property Damage

Physical Damage

a) collision - no other vehicle involved
b) collision - vehicle/unit parked
c) collision - hit and run by third party (vehicle not parked)
d) collision - one or more other vehicles involved (other than (a) and (b))
e) fire or lightning
f) flood
g) malicious mischief/vandalism
h) windstorm or hail
i) theft of entire car
j) other theft or attempted theft
k) glass (not caused by one of the preceding perils)
l) Other

Accident Benefits

a) Accidents in Quebec, payments supplemental to Quebec provincial benefit
b) Death - principal sum (or fraction)
c) Death - funeral expenses
d) Disability income
e) Dismemberment - principal sum (or fraction)
f) Medical Expenses
g) Uninsured Motorists

Emergency Service Expense (SEF 35)
Underinsured Motorist (SEF 44)

2. Claim Count

"Claims" are to be coded in a manner such that counts can be made by cause of loss, by coverage, by claimant, by occurrence and by feature.

3. Claim Transaction

Claim payment (loss or expense) - positive:
  Final payment (or first and only payment)
  Other

Claim payment (loss or expense) - negative:
  recovery, final transaction for the claim-segment covered, other (recovery/reversed)

Claim reserve (loss or expense) - positive
Claim reserve (loss or expense) - negative
Delete the indicated P.I. from the claim record

4. Loss/Expense Type

Loss
Loss Expense
  Adjuster/Appraiser
  Legal, Notarial, court transcripts
  Medical
  Other

5. Claim Amount

8.0 VEHICLE ASSIGNMENT TO RATING GROUPS

8.1 Vehicle rate groups have been used by the insurance industry for many years to classify automobiles of different make, model and age for rating purposes.

8.2 Originally, rate groups were a fairly simple numerical representation of the list price of the vehicle according to a pre-established range of values. There was little "science" to their assignment, and they tended to decrement in unit steps on alternate years to reflect the decreasing value of the vehicle. Inflation was offset by rate increases, and varying loss costs between models were generally ignored.

8.3 Through the 1970's, this system became increasingly unsatisfactory. The increase in the cost of vehicle repairs exceeded the reduction in vehicle replacement value resulting from depreciation. This, coupled with the arbitrary drop in rate group every second or third year, meant premiums for collision and comprehensive cover increased (due to rate increases) and decreased (due to rate group reductions) in a series of decreasing spikes over the life of the car. At the same time, in the United States, the Highway Loss Data Institute began reporting statistics on the actual collision rates and loss costs of different makes and models of cars. It became clear that since most losses were partial, there was no constant link between average loss cost and price new of any given model. In fact, many inexpensive cars had high loss costs because of their greater damageability.

8.4 The reaction of insurers was to develop model year rating coupled with vehicle series rating. These methods of classifying vehicles and handling depreciation and inflation have since become the most common methodologies in the United States. They are used by most companies and are supported by the Insurance Services Office (ISO).

8.5 The Canadian response was quite different. Through the Insurers Advisory Organization (IAO), the original method continued but with growing sophistication related to the assignment and maintenance of the rate group. Repairability and damageability became more important than price new in determining rate groups. In 1978 four digit vehicle codes were introduced allowing the IAO to accumulate experience by size, body type and other distinctive features.

8.6 In 1982 the IAO introduced vehicle series rating based on price new but modified it based on Highway Loss Data Institute (HLDI) data. The IAO has been collecting and is now analyzing Canadian data. The IAO estimates it will be credible with the 1989 model year's rate group assignments, eliminating the need for reliance on U.S. experience.

8.7 The Technical Committee had presentations from State Farm, Allstate and Vehicle Code Service (VCS) on model year rating.

State Farm

8.8 In 1981, State Farm moved to model year rating. This is the method the company uses in the United States and Canada to classify vehicles. State Farm is the only major auto insurer in Ontario to use model year rating.

8.9 The intent of this system is that the premium for direct damage on a given model of private passenger car remains unchanged over the life of the car, or until it reaches age ten when it is grouped with all cars ten years and over. As a given model within a model year ages, State Farm monitors the loss experience and if it is within a plus or minus 20% tolerance of the loss experience for all vehicles in the same model year, there is no adjustment of the rate group. Should the experience be outside the tolerance, State Farm will change the group (and thus the premium) a maximum of two rate groups per year until the vehicle is correctly classified.

8.10 Five years into the system, State Farm had a situation where a few models were far outside their proper classification. They made a special one-time adjustment to reclassify the models in question and have not had a repeat of the problem.

8.11 As new model years come on the market, State Farm increases the premium by 5% over the same model in the previous year. This accounts for the higher value of the new car.

8.12 For an example of the programme, consider a 1988 Chevrolet with a collision premium of $500 in 1988. Unless its loss experience is significantly different from the norm for all 1988 models, its owner will continue to pay $500 for the next ten years. However, a 1989 Chevrolet of the same model would pay 5% more to cover the price increase of the new model year. In chart form, under the most stable conditions, several model years of Chevrolet would appear as follows:

Model Year	**Present and Future Premium Charge ($)**					
	1988	1989	1990	1991	1992	1993
1988	500	500	500	500	500	500
1989		525	525	525	525	525
1990			551	551	551	551
1991				579	579	579

8.13 State Farm couples their model year rating with vehicle series rating which is based upon its own data base (approximately 25 million insured vehicles) to develop its group assignments.

8.14 New model years of existing models are classified solely on the Manufacturer's Suggested Retail Price (MSRP) plus the cost of a standard package of options if they are not included in the base price of the car. The options are: automatic transmission, power steering, power brakes, and an AM radio.

8.15 Even if the new model bears a strong resemblance to an existing vehicle (whether within the manufacturer's product line or a competitor's), State Farm is not influenced by the experience of that model. Each "new" car is rated strictly by the MSRP and modified over the subsequent years by its unique loss costs.

8.16 In summary, the model year relativities reflect loss cost differences between model years while vehicles series rating reflects differences in repairability and damageability among the makes and models of a given model year.

Allstate

8.17 The Allstate system of model year rating is virtually identical to that of State Farm. It is not in use in Ontario but exists in other provinces, and the U.S. Like State Farm, Allstate uses only its own loss data to set premiums and model year relativities. Presently, the increase between model years is 5%.

8.18 The major difference in the Allstate programme compared to State Farm is, when classifying a new model, Allstate will consider the experience of models similar in design.

Vehicle Code Service (VCS)

8.19 This is a Canadian insurance industry committee directed and managed by four major associations:

--Association of Canadian Insurers (ACI)
--Groupement des assureurs automobile (GAA)
--Insurance Bureau of Canada (IBC)
--Insurers' Advisory Organization (IAO)

8.20 Formed in 1986 and chaired by an IBC representative, it has the responsibility of developing vehicle codes for statistical reporting and for developing advisory vehicle physical damage rating groups. Prior to this time, the rate groups were produced by the IAO with their advisory rates. Today, the groups are followed by all Ontario insurers except State Farm, but each company is free to modify them according to its underwriting judgement, and most take advantage of the opportunity.

8.21 Before 1982, the rate groups were primarily based on MSRP. Beginning in 1982, the initial allocation was based on MSRP but modified over future model years by HLDI data which indicates how a given vehicle relates to the average. This is the situation at present.

8.22 VCS assigns a rate group to vehicles based on MSRP. If the model is the current year of an existing model, generally it is given the same group as the model of the previous year. Models new to the market secure their own group rating.

8.23 Loss experience has been tracked by Canadian insurers reporting loss data by year and model of car, and rate groups have been modified through HLDI results while Canadian data builds credibility. Models are sometimes reassigned a group within the first three years of experience, thereafter they usually fall by one rate group on alternate years. This is meant to reflect the declining value of the car. Inflation costs are captured in rate increases.

8.24 VCS produces groups for vehicles up to 13 years old. Older models are combined. However, few insurers actually carry all thirteen years because of system or printing restrictions. This can lead to some odd differences for the same vehicle between companies which ostensibly both follow the IAO.

8.25 Class Plan 406 includes the VCS advisory rate groups, since they are the Ontario standard. However, VCS is planning a major change in the allocation and monitoring of rate groups commencing with the 1989 model year. In January 1989 VCS will have sufficient Canadian loss data by year and model of car to eliminate its dependence on HLDI data for many common models. Simultaneously VCS plans improvements in age rating. It will develop a vehicle index to relate loss costs of each vehicle to all vehicles of a given model year, and an age group index to relate the loss cost of one age group to the total of all rate groups. Finally, it will provide for more frequent depreciation of vehicles.

Model Year Rating vs. Age Group Rating

8.26 Perhaps the most attractive feature of model year rating is its simplicity over time. The logic of equating inflation and depreciation to produce a neutral impact on premium is easily understandable to the average consumer. The vast majority of cars do not change from the group initially assigned. Few collision or comprehensive premiums are amended, and financial planning of future premium payments becomes straightforward.

8.27 Proponents of model year rating emphasize how it smooths the premium fluctuations inherent in age group rating. Exhibits were provided to the Committee showing how these peaks and valleys resulted when there was an annual uplift of premium offset by a biannual reduction of rate group.

8.28 The models are impressively symmetrical, but in fact premium increases have not been regular over the past decade nor have vehicle groups always dropped as planned. Nevertheless, the age group system has produced some strange premium movement. The following example shows the actual premium paid on a 1981 Plymouth Caravelle over a seven year period for collision and comprehensive. The vehicle was always rated for driving to work and had no claims. The company was a major Canadian insurer.

Year	Rate Group	Collision	Comprehensive	Total
1982	7	$83	$44	$127
1983	7	78	49	127
1984	6	54	36	90
1985	6	55	38	93
1986	7	69	47	116
1987	6	70	46	116
1988	6	75	48	123

8.29 The premium movement of this very common car makes little sense given the steady upward movement of inflation during the period.

8.30 But however simple in appearance, there are difficulties with model year rating.

8.31 There is no uniform system. Each company in the U.S. has added fillips to accommodate its own underwriting stance. If the Board should adopt this approach, the Committee recommends that the Board approve a uniform methodology to be used by all companies.

8.32 Model year rating assumes the equality of depreciation and inflation. This is overly simplistic. Allstate and State Farm agreed that the value of a vehicle drops much faster than inflation, but stated that the repair costs for an automobile are rising faster than average inflation and so the factors balance out. Both companies claimed their statistics did not show a drop in repair costs for a given model year over time. VCS disputed this, saying there was a measurable reduction in loss costs by model year with the vehicle value providing a steadily lowering cap. Close questioning by the Committee did not resolve this anomaly, but it did reduce the degree of difference. The Committee is satisfied there is nothing inherently fairer to the consumer in charging a flat premium over time as opposed to one with fluctuations, although the former may be somewhat easier to explain. In fact, the varying rates of depreciation among vehicles suggest that the flat premium could be very unfair.

8.33 It is clear the attractiveness of model year rating to the companies is the steady increase in average direct damage premium over time with virtually no chance of reduction. To the extent inflation is lower than depreciation, the insurers obtain an absolute increase in rate. This would not necessarily be the case in Ontario. The Board will review rates and the overall level will not be established automatically. Rates could be changed if they appeared excessive, but the relative differences between model years would not change.

8.34 Other than State Farm, no major insurer in Ontario uses model year rating. If the Board saw fit to implement this proposal it would mean some dislocation and considerable retraining of company and broker/agency staff. This would not be an onerous workload, but it should not be undertaken until the benefits of the programme are unquestionable.

8.35 It is difficult to fully evaluate the VCS proposal because it is not yet in place.

8.36 It is apparent that the current system is not satisfactory. Even allowing for the customizing of the advisory rate groups by the individual companies, it is clear the relativities between rate groups are too large. This results in unnecessarily large fluctuations as vehicles age and rate groups drop. Therefore the Committee recommends rejecting any proposal which would involve a continuation of the present system beyond June 1989.

8.37 The proposed VCS system appears to be a significant improvement over the current one. Indeed, it picks up many of the stabilizing features of model year rating with a combination of vehicle and age group indices. Furthermore, as it moves away from basing rate groups on MSRP it eliminates fluctuations arising from the pricing practices of the auto industry. As has been noted, rating by MSRP bear little relation to subsequent loss costs. One might argue that they work to the disadvantage of the safety conscious consumer. Consumers who pay for safety features such as anti-lock brakes or air bags find the additional cost of the car reflected in their insurance premiums even as the likelihood of loss drops due to the same features.

8.38 The Committee notes with regret that no company or industry group has been equally ambitious in developing a system using Canadian data for classifying vehicles other than automobiles except by MSRP. This is a distinct deficiency.

Number of Model Years

8.39 VCS has the ability to classify thirteen model years. However, most insurers carry only ten because it is argued that depreciation stops after ten years but inflation goes on forever.

8.40 The Committee was advised that vehicles over ten years old are in the minority and few of them carry direct damage anyway. These vehicle owners would not be disadvantaged by having their vehicles group rated. To carry unique model years beyond ten would involve considerable cost to the industry for the benefit of a small number.

8.41 Ministry of Transportation data show that of the 4.2 million automobiles registered in 1987, 21% were over ten years of age; of the total of 5.7 million vehicles, 24% were older than ten years. This is a substantial minority. While the Committee accepts that perhaps a modest number of these owners carry collision cover, this may be due in part to the relatively high cost which comes from non-specific model year rate groups. In any case, most older vehicles do carry comprehensive cover. The Committee regrets there was insufficient time to secure illustrative statistics on the matter.

Separate Rate Groups

8.42 Historically a single rate group has been assigned, for collision and comprehensive coverage. However, recent statistics show that a vehicle with high collision loss costs does not necessarily have high comprehensive loss costs.

8.43 The Committee notes the attempt of VCS to explore separate rate groups for physical damage coverages.

Liability Rating

8.44 For liability rating Allstate presently applies a "high performance vehicle" surcharge to certain vehicles with a high weight to horsepower ratio, regardless of the driver or use. The company produced statistics to support its practice which showed that automobiles in this category do have a substantially higher liability loss ratio than standard vehicles.

8.45 Third party liability has been adopted in other jurisdictions.

8.46 The Committee discussed this item at length. Some members felt the action was wise and fully justified by the losses experienced with these vehicles; they have the ability to accelerate rapidly, travel at high rates of speed, and are usually very manoeuvrable, encouraging weaving and other dangerous driving habits. The fact that they are normally purchased by young males is irrelevant. The cars themselves have losses which fully justify an increased liability premium.

These differences are functions of the design and construction of the vehicle themselves, not the drivers.

8.47 There was, however, an opposing opinion that such a surcharge is inherently discriminatory because it is applied before the fact, that is, before the loss experience with the model is known. If a given vehicle does have higher loss costs this will become apparent after the fact and will be reflected in future premiums. Furthermore, such a surcharge assumes that all drivers of a particular type of high performance vehicle will drive the vehicle in the same way. The higher loss costs of liability are really a function of the driver's attitude, not the vehicle.

Recommendations

8.48 VCS should be retained to classify automobiles using its proposed methodology for November 1, 1988. This is essential to facilitate the proposal of benchmark rates.

8.49 The Committee recommends VCS be required to develop and maintain methodologies to classify all other regulated vehicles. The initial classification must be available by November 1, 1988.

8.50 The Committee recommends that the VCS methodologies and resulting vehicle classifications be subject to Board approval.

8.51 VCS should provide a semi-annual vehicle update for new models for model years 1989 and 1990, and a quarterly update thereafter. VCS will also provide a default chart based on MSRP for the temporary assignment of a rate group for new models.

8.52 The Committee supports the concept of separate rate groups for the perils of collision and comprehensive coverage. It recommends VCS continue its investigation in this area with model year 1991 the target for implementation of separate rate groups.

8.53 The Committee recommends that VCS study third party liability loss costs by make and model, within model year, to evaluate the merits of rating on this basis.

8.54 The Committee recommends that VCS consider producing a rate group table and vehicle code listing for motorcycles on the basis of the following table.

MOTORCYCLE RATE GROUP TABLE

Model	Rate Group
BMW	
K100	2
K100LT	2
K100RS	3
K100RT	2
K75C	2
K75S	3
K75T	2
R100	2
R100CS	2
R100GS	2
R100RS	2
R100RT	2
R100S	2
R100SP	2
R100TR	2
R65	2
R65LS	2
R80	2
R80G/S	2
R80RT	2
R80ST	2
CAGIVA	
All	3
DUCATI	
650	2
All Others	3
HARLEY	
All	2
HONDA	
C70	2
CB1000C	2
CB1100F	2
CB125S	2
CB400T	2
CB450SC	2
CB450T	2
CB550SC	2
CB650	2
CB650C	2
CB650SC	2
CB700SC	3
CB750C	2
CB750F	2
CB750K	2
CB750SC	2
CB900C	2
HONDA (cont.)	
CB900F	2
CBR1000F	3
CBR600F	3
CBX	2
CH125	2
CH150	2
CH250	2
CH80	2
SA50	2
SA50P	2
CM200T	2
CM250C	2
CM400A	2
CM400C	2
CM400E	2
CM400T	2
CM450A	2
CM450C	2
CM450E	2
CMX250C	2
CMX250CD	2
CMX450C	2
CN250	2
CN250G	2
CR125R	2
CR250R	2
CR450R	2
CR480R	2
CR500R	2
CR60R	2
CR80R	2
CT110	2
CT70	2
CX500C	2
CX500D	2
CX500T	2
CX650C	2
CX650TC	2
FT500	2
GL1100	1
CL1100A	1
GL100I	1
GL1200	1
GL1200A	1
GL1200I	1
GL1200L	1
GL12-SEI	1
GL1500	1
GL500	1
GL500I	1
HONDA (cont.)	
GL650	1
GL650I	1
MB5	2
NA50	2
NB50	2
NB50A	2
NB50M	2
NC50	2
NC50I	2
NH125	2
HN80	2
NQ50	2
NQ50A	2
NQ50I	2
NT650	2
NU50	2
NU50I	2
NU50M	2
NU50MI	2
NX125	2
NX250	2
NX50	2
NX650	2
PA50	2
SE50	2
SE50P	2
TG50	2
TLR200	2
TR200	2
TRX250	2
VF1000F	3
VF1000R	3
VF1100C	2
VF1100S	3
VF500C	2
VF500F	3
VF700C	2
VF700F	3
VF700S	3
VF750C	2
VF750F	2
VF750S	2
VFR700F	3
VFR750F	3
VT1100C	2
VT600C	2
VT500FT	2
VT500C	2
VT700C	2
VT750	2
HONDA (cont.)	
VT750C	2
VT800C	2
XL100S	2
XL125S	2
XL185S	2
XL200R	2
XL250R	2
XL250S	2
XL350R	2
XL500R	2
XL500S	2
XL600R	2
XL80S	2
XR100	2
XR100R	2
XR200	2
XR200R	2
XR250R	2
XR350R	2
XR500R	2
XR600R	2
XR80	2
XR80R	2
Z50R	2
ZB50	2
HUSVARNA	
All	2
KAWASAKI	
AR50	2
AR80	2
EL250B2	2
EN450	2
EX250R	3
EX305	2
EX500	2
KD80M	2
KD80N	2
KDX175	2
KDX200A	2
KDX200C	2
KDX250	2
KDX420	2
KDX450	2
KDX80A	2
KDX80B	2
KDX80C	2
KE100A	2
KE100B	2

Model	Rate Group	Model	Rate Group	Model	Rate Group	Model	Rate Group
KAWASAKI (cont.)		**KAWASAKI (cont.)**		**SUZUKI (cont.)**		**SUZUKI (cont.)**	
KE125	2	KZ440B	2	DR250	2	GS850GL	2
KE175	2	KZ440D	2	DR500	2	GSX600F	3
KL250A	2	KKZ440G	2	DS100	2	GSX-1100FJ	2
KL250C	2	KZ550A	2	DS125	2	GSX-R1100	3
KL250D	2	KZ550A2	2	DS80	2	GSX-R750	3
KL600A	2	KZ550A4	2	F50-M	2	GV1200GL	2
KL600B	2	KZ550C	2	FA50(M/S)	2	GV1400GC	1
KL650A	2	KZ550D	2	FS50	2	GV1400GD	1
KM100B	2	KZ550F	2	FZ50(M)	2	GV1400GDG	1
KX125A	2	KZ2550H	2	GN125	2	GV1400GTG	1
KX125B	2	KZ550M	2	GN250	2	GV700GL	2
KX125C	2	KZ650H	2	GN400T	2	JR50	2
KX125D	2	KZ650H	2	GN400X	2	LS650	2
KX125E	2	KZ700	2	* GR650	2	LT125	2
KX125F	2	KZ750E1	2	GS1000G	2	PE175	2
KX250A	2	KZ750E3	2	GS1000GL	2	PE250	2
KX250B	2	KZ750F	2	GS1000S	2	PE400	2
KX250C	2	KZ750H	2	GS1100E	2	RB50	2
KX250D	2	KZ750K	2	GS1100ES	2	RG500	3
KX250E	2	KZ750L	2	GS1100G	2	RM100	2
KX250F	2	KZ750M	2	GS1100GK	1	RM125	2
KX420	2	KZ750N	2	GS1100GL	2	RM250	2
KX500A	2	KZ750R	2	GS1100S	2	RM465	2
KX500B	2	VN1500A	2	GS1150E	3	* RM500	2
KX500C	2	VN1500BZ	2	GS1150ES	3	RM60	2
KX60A	2	VN700A	2	GS250T	2	RM80	2
KX60B	2	VN750A	2	GS300L	2	RS175	2
KX80C	2	ZG1000	2	GS450E	2	RS250	2
KX80E	2	ZG1200	1	GS450GA	2	SP100	2
KX80G	2	ZL1000	2	GS450L	2	SP125	2
KX80J	2	ZL600	2	GS450S	2	SP200	2
KX80L	2	ZL900	2	GS450T	2	SP250	
KZ1000J	2	ZN1100B	2	GS450TX	2	SP500	2
KZ1000J	2	ZN1300	1	GS550E	2	SP600	2
KZ1000K	2	ZN700	2	GS550ES	3	TS100	2
KZ1000M	2	ZN1000R	3	GS550L	2	TS125	2
KZ1000P	2	ZX1100A	2	GS550M	2	TS185	2
KZ1000R	2	ZX550A	3	GS550T	2	TS250	2
KZ1100A	2	ZX600R	3	GS650E	2	VS1400GLF	2
KZ1100B	2	ZX600RX	3	GS650G	2	VS1400GLPJ	2
KZ1100D	2	ZX750A	3	GS650GL	2	VS700GL	2
KZ1100L	2	ZX750E	3	GS650M	2	VS700GLE	2
KZ1300A	2	ZX750R	3	GS700E	2	VS700GLF	2
KZ1300B	2	ZX900A3	3	GS700ES	3	VS750GLPJ	2
KZ250	2	ZX900A3	3	GS750E	2	XN85D	2
KZ250D	2			GS750ES	2		
KZ250L	2	**SUZUKI**		GS750L	2	**YAMAHA**	
KZ250W	2	DR100	2	GS750S	2	BW200	2
KZ305A	2	* DR125	2	GS750T	2	BW200E	2
KZ305B(CB/L)	2	* DR200	2	GS850G	1	BW350	2
KZ440A	2						

Model	Rate Group
YAMAHA (cont.)	
BW80	2
CA50	2
CE50	2
CE50S	2
CV50	2
* CV80	2
DT100	2
DT125	2
DT175	2
DT50U	2
DT80	2
* FJ1100L	3
FJ1200	3
* FJ600	3
FZ600	3
* FZ700	2
FZ750	3
FZR1000	3
FZR400	3
FZR750R	3
FZX700	2
IT125	2
IT175	2
IT200	2
* IT250	2
IT465	2
IT490	2
LB50P	2
LC50	2
* MJ50	2
MX100	2
MX175	2
MX80	2
PW50	2
PW80	2
* QT50	2
RX50M	2
* RZ350	3
SH50	2
SH50M	2
SR185	2
SR250	2
SR250T	2
SR500	2
SRX250	2
SRX600	2
SRX600S	2
TT225	2
TT250	2
TT350	2
YAMAHA (cont.)	
TT500	2
TT600	2
TW200	2
TY350	2
* VMX12	2
XC125	2
XC125Z	2
* XC180	2
XC180D	2
XC200	2
XC200Z	2
XJ1100J	2
XJ550	2
XJ550R	2
XJ650	2
XJ650L(ST/MM)	2
XJ650L	2
XJ650R	2
* XJ700	2
J700X	2
* XJ750	2
XJ750M	2
XJ750R	2
XJ900R	2
XS1100	1
XS1100L	2
XS1100S	2
XS400(SII/M)	2
XS400R	2
XS400S	2
XS650	2
XS650S(H)	2
XS650S(HS)	2
XS850H	1
XS850L	2
XS850S	2
XT125	2
* XT200	2
XT250	2
XT350	2
XT350H	2
XT350HC	2
XT350S	2
XT500	2
XT550	2
* XT600	2
XV1000	2
XV1000C	2
XV1100	2
XV250U	2
YAMAHA (cont.)	
* XV500	2
XV535	2
XV700	2
XV700C	2
XV700D	2
XV700S	2
* XV750	2
XV750M	2
XV920	2
XV920M	2
XV920R	2
XVZ12	1
XVZ12D	1
XVZ12T	1
XVZ12TD	1
XVZ13	1
XVZ13D	1
XZ550R	2
YFM225	2
FSR50	3
YX600	2
YZ100	2
YZ125	2
YZ250	2
YZ465	2
YZ490	2
YZ60	2
YZ80	2
YFM80	
YFM200DX	

* U.S. and Canadian version of same model

9.0 U.S. EXPOSURE

Recommendation

The Committee recommends that the Board adopt the position contained in O. Reg. 406/88 that the consideration of U.S. exposure should not be subject to Part II of the Act. That is, for Ontario vehicles subject to the Board's classification plan, the Board should regulate the rates for a Canadian exposure but not for any U.S. exposure. The Committee also recommends that for personal vehicles "U.S. Exposure" be defined as any period exceeding sixty consecutive days that the vehicle is driven in the U.S.

Reasons

1. Vehicles with U.S. exposure pose special underwriting and rating difficulties for insurers today, and it would be difficult for the Board to establish and maintain proper rates. For example, in the case of long-haul commercial vehicles, rating is typically based on the route of the vehicle, i.e., a pro rata weighting of the exposure in each state along the route. Today most vehicles with U.S. exposure are individually rated using considerable underwriting judgement.

2. However, the Committee also recognizes that companies could use the unregulated U.S. exposure rate to overcome any perceived deficiency in the regulated rate for Canadian exposure. Hence, in effect, the Board would not be regulating the rates for any vehicle with U.S. exposure.

3. It is the Committee's view that the most appropriate way for the Board to deal with the problems posed by U.S. exposure is for the Board to conduct periodic audits of companies to ensure that there are no abuses in rating. For this and other purposes, the Board should require that the actual percentage of U.S. exposure upon which a vehicle's rates are based be reported for the purpose of the Board's statistical plan. The Board would be able to ascertain the pro rata share of the fully applicable premium for the class of risk exposure that pertains to Canadian exposure and assess its reasonableness in relation to the full premium.

4. Risks operating in other Canadian provinces, pose a similar rating problem. However, because there is a better understanding of the exposure and the legal climate, the inter-provincial experience can be reflected in the rates for such vehicles and should be regulated by the Board.

5. The Committee recognizes that frequent personal vehicle travel in the U.S. is reflected in the rates where appropriate, for example the Windsor territory, but that an exposure threshold needs to be established for extended travel. The Committee views sixty consecutive days as the appropriate threshold.

Comments

As to the questions raised by the Board, the Committee advises as follows:

Q.1 How many companies use percentage of U.S. exposure as a classification variable?

A. All.

Q.2 Why?

A. U.S. exposure changes the nature of the risks due to differences in legislation and the judicial system and their effect on the cost of claims.

Q.3 What has been the experience?

A. There are no industry statistics available and the Committee as a whole is not familiar with the experience of individual insurers.

Q.4 Doesn't the state in which the vehicle operates have a bearing on risk exposure?

A. Yes. This is one of the problems in attempting to regulate U.S. exposure.

Q.5 How do companies deal with exposure in other provinces?

A. Exposure in other provinces is well understood and can be reflected in the basic rating of the vehicle using class variables such as annual driving distance and use. Legislation across Canada is similar and the nature of the risk is not changed to the same extent as it would be if the vehicle has U.S. exposure.

10.0 COVERAGES

10.1 The Committee has reviewed the list of coverages and recommends that rates be established for the following:

Third Party Liability
Accident Benefits
Comprehensive
Collision
Specified Perils
All Perils
SEF 44

11.0 EXCLUSION OF FLEETS AND MOTOR HOMES

MOTOR HOMES

11.1 The Committee was unable to agree whether motor homes should be excluded from Part II of the Act. The Committee looked at the supporting documentation during the deliberations that led to the issuance of O. Reg. 406/88, but did not find this material to be of any assistance.

11.2 Members of the Committee who favoured inclusion offered two reasons for their position:

1. There is no compelling rationale for excluding motor homes. The arguments offered below to justify excluding fleets do not apply to motor homes.
2. It would be difficult to explain to an insured why premiums for motor homes are not regulated, particularly when premiums for motorcycles, camper units and other recreational vehicles are regulated.

11.3 The following reasons were offered for excluding motor homes:

1. The way in which motor homes are used varies widely. Some vehicles are used only by their owners for two or three months a year; others are used by their owners in the summer and then rented to someone else during the winter; and still others are used all year by their owners. It also

has to be recognized that, for extended periods of time, motor homes are used as homes rather than as vehicles. The nature of motor home use, together with the increasing use of sale/lease-back arrangements, suggests that the industry needs some flexibility in establishing rates for motor homes.

2. The relatively small number of motor homes and the large differences in their value limits data availability. Without sufficient data the Board will have difficulty establishing meaningful rates.

11.4 Should the Board decide to regulate motor homes, the following classes of risk exposure are recommended:

Annual Driving Distance:
Same as private passenger automobile.

Territory:
Same as private passenger automobile.

Years Licensed - Principal Driver/Secondary Driver:
Same as private passenger automobile except there is no classification for driver training.

Conviction History:
Same as private passenger automobile.

Vehicle Claim History:
Same as private passenger automobile.

Vehicle Type:

- Compact Motor Home
- Conventional Motor Home
- Low Profile Motor Home
- Mini Motor Home
- Van Camper Motor Home

Vehicle Use:

- Pleasure
- Other

Vehicle Value:

- Under $5,000
- 5,001 - 6,000
- 6,001 - 7,000
- 7,001 - 8,000
- 8,001 - 9,000
- 9,001 - 10,000
- 10,001 - 12,000
- 12,001 - 14,000
- 14,001 - 16,000
- 16,001 - 18,000
- $18,001 - 20,000
- 20,001 - 25,000
- 25,001 - 30,000
- 30,001 - 35,000
- 35,001 - 40,000
- |
- (continue in $5,000 increments)
- |
- 95,001 - 100,000

Model Year:

Same as private passenger automobile.

Definitions

Motor Home:

A recreational camping and travel vehicle built on or as an integral part of a self-propelled motor vehicle chassis. It may provide kitchen, sleeping and bathroom facilities and is equipped with the ability to store and carry fresh water and sewage.

Compact Motor Home

Means a motor home built on an automotive manufactured cab and chassis having a gross vehicle weight of less than 3000 kilograms (6500 pounds).

Conventional Motor Home

Means a motor home that has a living unit entirely built on a bare, specially designed motor vehicle chassis.

Low Profile Motor Home

Means a motor home, built on an automotive manufactured van frame with an attached cab section, having a gross vehicle weight of 3000 kilograms (6500 pounds) or more, with an overall height of less than 2.5 metres (eight feet).

Mini Motor Home

Means a motor home, built on an automotive manufactured van frame with an attached cab section, having a gross vehicle weight at 3000 kilograms (6500 pounds) or more, with an overall height of more than 2.5 metres (eight feet).

Van Camper Motor Home

Means a van to which the manufacturer adds any two or more of the following conveniences: sleeping, kitchen and toilet facilities, 110 volt hook-up, fresh water storage, city water hook-up and a top extension to provide more head room.

COMMENTS

11.5 An alternative was suggested to "Vehicle Type" on the basis that the number of types listed in that class is excessive. Rather than relying on a number of vehicle types, vehicle value, the method currently used by most insurers, should be sufficient for rating purposes.

FLEETS

11.6 The Committee recommends that "Fleets", (as defined in chapter 2) should not be subject to Part II of the Act.

11.7 Unlike many individual policyholders, fleet owners are operated by businesses, often sizable corporations, sophisticated as purchasers of insurance and well able to deal with insurers as equals. There is competition among insurance companies for fleet business, suggesting no problems of availability or affordability.

11.8 Fleets should be regarded as discrete classes of risk exposure whose characteristics and loss performance can be monitored and rated. A fleet will develop its own experience. This experience reflects the actual exposure and can be influenced by the positive actions of the owner or manager. Many fleets have individualized risk management plans and driver safety programmes that are recognized in the underwriting and rate setting by the insurer.

11.9 Fleets pose special underwriting and rating problems for insurers, similar to the case with U.S. exposure. It would be difficult for the Board to establish and maintain fair and equitable rates for the class.

12.0 OTHER MATTERS

12.1 This chapter is intended to inform the Board of related matters that have come to the attention of the Committee as it undertook the work activity requested by the Board. These items do not fall strictly within the Committee's terms of reference. However, the Committee feels that it is important to note these items so that the Board, should it consider it appropriate, may deal with them.

12.2 The items that arise as a result of the Committee's review of the Board's classification plan (Appendix D to the Board's Decision). They are:

1. Reference Appendix D, page 45. Annual distance driven is not a variable that is applied to the Commercial Vehicles category. It appears that the Board may not have considered annual distance driven for this class of vehicles since neither O. Reg. 406/88 or the Mercer Composite/Option contain annual distance as a rating factor. The Committee feels that the Board ought to consider annual

distance driven as a commercial vehicle rating factor.

2. Reference Appendix D, pages 49-50. Under Category: Commercial Vehicles Other Than Trailers, and specifically, with respect to the items "Driving Experience", "Conviction History" and "Vehicle Claim History", the Committee feels that it would be more consistent with the proposed definition of identified driver that the words "can be" and "cannot be" be changed to "are" and "are not".

3. Reference Appendix D, page 49. "Vehicle Weight" does not extend beyond 11.0 tonnes. The Committee suggests that appropriate additional classifications might be 11 to 20 and over 20 metric tons.

4. Reference Appendix D, page 56. The Committee feels that the Board's decision would be clarified if the words "Trailer Type" were changed to "Trailer Configuration".

5. Reference Appendix D, page 66. The Committee feels that the reference to the three year vehicle claim history experience period would be clarified if the words "where the drivers cannot be identified" were added, to be consistent with Appendix D, page 50.

6. Reference Appendix D, page 67. The Board excludes vehicles with a price new in excess of $75,000 from the requirements of Part II of the Act. It appears that this is inconsistent with the remainder of Appendix D where the value $100,000 is used.

7. Reference Appendix D, page 68, paragraph 4. The Board appears to suggest that those rating factors used for taxis should be used for limousines. If this is the case, then limousines should be rated by the number of drivers, ownership, driving experience and conviction history as are taxis.

8. The Committee notes that the identified/non-identified driver, number of years licensed and number of convictions classifications are not applied to Public Vehicles, other than Taxis and Limousines.

9. Reference Appendix D, Attachment # 3. A review of the first five territories suggests that there could be some lack of clarity in the delineation of these territories. The Committee recommends that these territories be reviewed for clarity.

12.3 It is the Committee's understanding that the Board intended that the $100,000 exemption for private passenger and $250,000 exemption for public vehicles relates only to physical damage. The Committee requests that the Board clarify this point.

12.4 The Board's decision identifies June 1, 1989 as the latest effective date of the implementation of the new classification plan. It is not clear whether this is the effective date for new business, for renewals, for new business and renewals, or for all policies in force.

12.5 The Committee notes that clergymen receive no special classification treatment under the Board's classification plan although many companies currently extend special classifications to clergymen. Since the Board did not create a class of risk exposure for clergymen, and given that such treatment can be viewed as a type of discrimination, the Committee's position is that clergymen should not be given favorable classification treatment.

12.6 The Committee recommends that garage and non-owned policies (SPF 4,6,8) should remain outside Part II of the Act.

12.7 The Committee feels the Board should be aware that it is the present practice of many insurers not to impose a penalty for up to two Minor Convictions.

12.8 The Committee notes that rating of SPF 2 has not been addressed in the Board's decision. This form of insurance is not widely used, but the Committee sees no reason not to include it under Part II of the Act.

12.9 The Committee discussed with the Deputy Superintendent the importance of emphasizing the implications of section 206 of the Insurance Act on the new form of application. The Committee is of the view that this aspect is extremely important, particularly as some of the information required for purposes of rating is very difficult to verify and insurers must rely on the applicant for that information.

12.10 The Committee draws the Board's attention to Rule (j), Multi-Car Discount, with respect to the number of vehicles no longer being limited to four, and the proposed definition of fleet. The multi-car discount can now be applied to more than four vehicles.

12.11 The Committee notes that many of the recommendations rely on the passage of Bill 155, and in particular the Excluded Driver Endorsement.

Appendix A

TERMS OF REFERENCE

TECHNICAL COMMITTEE

The Board has decided that a Technical Committee be established to consider and make recommendations on those matters that are necessary to resolve the implementation and definitional problems outlined elsewhere in this Decision. The Board is of the opinion that it is necessary to receive technical advice and input from a broadly based group.

The Committee is to make its recommendations on those matters referred to it on or before September 19, 1988. The Committee will report to the Board at a reconvening of this hearing.

It is necessary that the hearing be reconvened in order that other parties to this hearing have the opportunity to review the recommendations and examine those recommendations in public. The Board will consider all the evidence related to these matters before making its Decision.

The Board is aware that the Superintendent of Insurance for Ontario has certain interests in some of these matters, and to that extent, the Committee is requested to consult with the Superintendent where appropriate.

It was recommended by parties to the hearing that this technical group be small and be representative. The Board agrees. As such, the Board has determined that the Committee, to be chaired by Mr. Cooke, be created as follows:

Board Staff	3 persons	Cooke, Seeney, Zubulake
IBC	2 persons	IBC to select
CAC	1 person	CAC to select
IBAO	1 person	IBAO to select
Non Standard Insurers	1 person	to be named by the Board
Systems Consultant	1 person	to be retained by the Committee
Total	9 persons	

The terms of reference for the Committee are as follows:

1. Recommend definitions for classification variables, their associated values and terms, as outlined below:

    Abstinence/Non-abstinence
    Actual Cash Value
    Agreed Value
    Airport Limousine
    All Terrain Vehicles
    Ambulance
    Annual Driving Distance (i.e., retrospective or prospective)
    Artisan Vehicle
    Bus
    Business Use
    Cabin Trailer (or Home Trailer)
    Camper Unit (& Caps)
    Cargo Use
    Charter Bus
    Commercial Vehicle
    Commute Use
    Coverage Deductible
    Coverage Limit
    Customized Vehicle
    Dangerous Goods
    Driver Training (i.e., what constitutes acceptable driver training)
    Dune Buggy
    Farm Tractors
    Farm Use
    Fleet
    Funeral Vehicle
    Golfmobile
    Gooseneck Trailer (5th wheel)
    Highway Tractor
    Historic Vehicle (including application to vehicles other than private passenger vehicles)
    Hotel or Country Club Bus
    Identified Driver - Commercial, Taxi (including employee vs. independent contractor)
    Interurban Bus
    Interurban Vehicle
    Leased Plate
    Limousine
    "Major," "Minor," "Serious" Conviction
    Mini Bike
    Model Year (for structurally rebuilt vehicles)
    Motorcycle (including motor assisted bicycles)
    Motor Home

Motorized Snow Vehicle
Off-road Vehicle
Operator's License
"Other" Off-Road Vehicle (eg., Amphibious vehicles)
"Other" Trailers and Camper Units
"Owned" vs. "Leased" vs. "Under Contract"
Owner-operated Taxi
Personal Vehicle
Pick-up, Utility, Van, Wagon, etc. type Commercial Vehicle
Platform, Stake, etc. Truck
Pleasure Use
Price New (manufacturer's list price, or current year replacement cost, etc.)
Principal Driver
Private Passenger Automobile
Private Use Bus
Public Bus
Public Vehicle
Pup Trailer
Radius of Operation - Commercial Vehicle; Public Vehicle
Retail, Wholesale Delivery
School Bus - Other Activities
School Bus - School Use Only
Secondary Driver
Semi-Trailer
Specific Function Use
Taxi
Tent Trailer
Territory (i.e., garage, or principal place of use; multiple territory use)
Trail Bike (or Dirt Bike)
Trailer
Trailer Converted Dolly
Trailer Train
Utility Trailer
Vehicle Claim (chargeable)
Vehicle Rate Group
Vehicle Use
Vehicle Weight
Years Licensed (i.e., including or excluding suspensions or non-renewals)
Other terms, as the Committee may recommend

2. Propose a set of rules addressing the following matters:

   a) Application of driver training (i.e., must the training be for the same type of vehicle as that being rated?).

   b) Application of years licensed (i.e., must the license be for the same type of vehicle as that being rated?).

c) The assignment of drivers to vehicles.

d) The experience period for claims and convictions (i.e., occurrence date, or settlement date, or processed date?).

e) Rerating that may arise upon the final resolution of a conviction or a claim.

f) The manner in which vehicle claims are to be counted (i.e., whether those involving the principal, secondary, or other operators are to be considered; the treatment of replacement vehicles; whether convictions are to be charged only against the type of vehicle in which they occurred; whether a claim surcharge is only to be applied against the type of coverage under which the claim was incurred?).

g) Replica vehicles; Restored Vehicles.

h) Children away at school, etc.

i) Road construction equipment (eg., cranes, ditch digging equipment).

j) The application of the multi-car discount (i.e., must all vehicles be of the same type?)

k) The rating of high performance, customized, or vehicles over 15 years of age.

l) The basis for determining vehicle value (i.e., price new, agreed value, actual cash value, market value, replacement value, etc.)

m) The completeness of the commercial vehicle use class table.

n) Cancellation procedures (i.e., short rate or pro rata; seasonal vs. non-seasonal vehicles; the specific short rate table to use).

o) The manner of rating mid-term endorsements or other mid-term policy changes (i.e., which "rate set" applies?).

p) The nature of the payment plan, service fees or installment fees; premium waivers.

q) Minimum premium.

r) Policy period.

s) Police vehicles, Fire vehicles, Rental vehicles (daily and long-term).

t) Premium rounding.

u) The rating of "caps."

v) Multi-use vehicles (i.e., both pleasure & commercial use).

w) The assignment of trailers to vehicles (commercial).

x) Tractors.

y) Van pools.

z) A transition process for treating chargeable and non-chargeable claims and convictions that have occurred before the effective date of the Board's inaugural rates.

aa) Commercial vehicles used for pleasure.

bb) The treatment of convertibles.

cc) Non-pleasure use of Trailers & Camper Units, Off-Road Vehicles, and Snow Vehicles.

dd) Other, as the Committee may recommend.

3. Propose standard coverage limits and deductibles.

4. Identify and advise of potential problems which may be associated with the Board's decision not to allow an insurer to do indirectly through an endorsement something that it could not do directly under the rules and rates set by the Board.

5. Propose standard wording for the form requesting information required under the classification and statistical plans.

6. Make recommendations as to what data are to be captured under the statistical plan, and the tabular layouts of the data.

7. Recommend the means by which vehicles (including motorcycles) are to be assigned to rating groups. Consider

   (1) the Vehicle Code Service,
   (2) model year rating.

8. Review the need to reflect U.S. exposure within the classification plan.

9. Review the list of coverages for which rates are to be established.

10. Review the appropriateness of excluding motorhomes and fleets from Part II of the Act.

Appendix B

COMPOSITION OF TECHNICAL COMMITTEE

Appendix B

COMPOSITION OF TECHNICAL COMMITTEE

ORGANIZATION	PERSON
Ontario Automobile Insurance Board Staff	George Cooke General Manager
	Norm Seeney Executive Director Finance & Rate Review
	Ted Zubulake Actuary William M. Mercer Limited
Insurance Bureau of Canada	Brigid Murphy Manager, Personal Lines Marketing and Underwriting Guardian Insurance Company
	Arthur Williams Auto Manager Personal Lines Royal Insurance Company
Consumers' Association of Canada (Ontario)	Carman Baggaley CAC staff
Insurance Brokers Association of Ontario	Terry Taylor Assistant General Manager
Non-Standard Insurers	Andrew Rogacki General Manager and Chief Agent Progressive Casualty Insurance Company
System Consultant	Ray Healey Partner and National Director Thorne Ernst & Whinney

Appendix C

LIST OF PERSONS ASSISTING THE TECHNICAL COMMITTEE

Appendix C

LIST OF PERSONS ASSISTING THE COMMITTEE

	TOPIC	PERSON	
1.	Definitions	Cheryl Cottle	OAIB
		Bob Foster	OAIB
		Irene Bass	William M. Mercer Limited
		William Conner	Progressive Casualty
2.	Rules	Cheryl Cottle	OAIB
		Bob Foster	OAIB
		William Conner	Progressive Casualty
		Bob Bernatchez	Progressive Casualty
3.	Standard Coverage Limits and Deductibles	Bob Foster	OAIB
		William Conner	Progressive Casualty
4.	Endorsements	Bob Foster	OAIB
5.	Forms	Bob Foster	OAIB
		Ted Wells	Office of the Superintendent of Insurance
6.	Statistical Plan	Bob Foster	OAIB
		Bob Rybak	OAIB
		Sam Chan	IBC
		Ron Miller	IBC
		Dennis Bradley	IBC
7.	Vehicle Assignment to Rating Groups	Bob Foster	OAIB
		Irene Bass	William M. Mercer Limited
		Henning Norup	IBC
		Sam Chan	IBC
		Bill Yit	IAO
		Jerry Hillhouse	State Farm
		Ron Frezell	State Farm
		Herb Hickling	Allstate
		Francois Boulanger	Allstate
		William Conner	Progressive Casualty

8.	U.S. Exposure	Bob Foster Bob Bernatchez	OAIB Progressive Casualty
9.	Coverages	Bob Foster	OAIB
10.	Exclusion of Fleets and Motor	Bob Foster Bob Bernatchez	OAIB Progressive Casualty

Appendix D

APPLICATION FOR AUTOMOBILE INSURANCE

APPLICATION FOR AUTOMOBILE INSURANCE (OWNER'S FORM S.A.F. 1) Policy No. Assigned ▶

Insurance Company (Hereinafter called the Insurer) ☐ New Replacing Policy No. ▶

Policy Language ☐ English ☐ French

Item

☐ Company Bill ☐ Agency Bill Broker Bill Other

1. Applicant's Full Name and Postal Address (including county or district)

Postal Code

Agent/Broker Code(s)

Res.

Bus.

(ext)

Each described automobile is and will be chiefly used in the vicinity of the applicant's address above unless otherwise stated in the Remarks section overleaf.

2. Policy Period ▶ From Time a.m. ☐ p.m. ☐ Date (Y/M/D) To 12:01 a.m. Date (Y/M/D) All times are local times at the applicant's postal address stated herein.

3. Particulars of the Described Automobile(s)

Veh No.	Model Year	Trade Name	Model or C.C.	Body Type	V.I.N. (Serial Number)	No. of Cyls	Purchased By Applicant Year Month	New or used	Purchase Price including Equip.
1									
2									
3									
4									

Veh No.	If applicable, indicate which and state name, postal address and postal code of ○ Lienholder ○ Lessee	Truck Gross Vehicle Weight	List Price New	Veh. Code	Terr	Loc.	Class	DR T.P.L.	DR Coll	R.G.
1										
2										
3										
4										

▶

Occasional Driver (O.D.) of vehicle No. ▶

4. This application is made for insurance against one or more of the perils mentioned in this item, but for insurance under the section(s) for which a premium is specified in this item and no other and upon the terms, conditions, provisions, definitions and exclusions of the insurer's corresponding standard policy form and for the following specified limit(s) and amount(s)

Insuring Agreements	Section A Third Party Liability	Section B Accident Benefits	Section C Loss of or Damage To Insured Automobile(s)				Endorsements	
			THIS POLICY CONTAINS A PARTIAL PAYMENT OF LOSS CLAUSE				Veh. No.	SEF No.
Perils	Legal liability for bodily injury to or death of any person or damage to property (EXCLUSIVE OF COSTS AND POST JUDGMENT INTEREST) FOR LOSS OR DAMAGE RESULTING FROM BODILY INJURY TO OR THE DEATH OF ONE OR MORE PERSONS AND FOR LOSS OR DAMAGE TO PROPERTY REGARDLESS OF THE NUMBER OF CLAIMS ARISING FROM ANY ONE ACCIDENT	Payments for death or bodily injury	1. All Perils	2. Collision or Upset	3. Comprehensive (excluding collision or upset)	4. Specified Perils (excluding collision or upset)		
			Amount Deductible on Each Separate Claim except for loss or damage by fire or lightning or theft of the entire automobile					
Limits and Amounts in Dollars 1		AS STATED IN SECTION B OF THE POLICY OR FOR NFLD SEE CERT. OF INS. FOR DETAILS OF COVERAGE						
2								
3								
4							SEF Premium	Vehicle Premium
Premium in Dollars 1								
2								
3								
4								
OD								

Minimum Retained Premium ▶ $

Total Estimated Policy Premium ▶ $

5. List all Drivers of the Described Automobile(s) in the Household or Business

Driver No.	Name (as shown on Driver's Licence)	Approx. % use of vehicle Veh 1	Veh 2	Veh 3	Veh 4	State number of years Licenced in Canada and U.S.A.* Years Lic.	** Attach Certificate Driver training course **

6(a). Is any driver subject to fainting spells, dizziness or loss of consciousness? ☐ no ☐ yes

If yes, state particulars in Remarks section.

6(b). Has any driver ever suffered from a heart disorder, epilepsy, diabetes, defective vision or hearing, or any other physical or mental disability which might affect the safe operation of a vehicle? ☐ no ☐ yes

If yes, state particulars in Remarks section.

7(a) Give particulars of all CONVICTIONS arising from the operation of any automobile during the past THREE years.

Driver No.	Date Y	M	Description

7(b). Give particulars of all ACCIDENTS or CLAIMS arising from the ownership or operation of any automobile during the past SIX years. ◀ Use Remarks section overleaf if necessary

Veh No.	Driver No.	Date Y	M	Type of Claim	Amount Paid or Estimate	Description

8. Has any driver's licence, vehicle permit or similar authorization issued to the applicant or drivers listed in item 5 above to the knowledge of the applicant been or continued to be suspended, cancelled or lapsed within the SIX years preceding this application? ☐ no ☐ yes If yes, state particulars in Remarks section.

9(a). Has any insurer, to the knowledge of the applicant, cancelled, declined or refused to renew or issue automobile insurance to the applicant or drivers shown in item 5 within the THREE years preceding this application? If so, state name of insurer, and policy number if available.

Insurer

Policy No.

9(b). Details of applicant's most recent automobile insurance

Insurer

Policy No.

Expiry Date (Y/M/D)

Veh No.	10(a). The vehicle is used for Business	Pleasure	10(b). Is the vehicle used to commute? (This means driving to work, to school or part-way such as to public transit). no	yes	Distance One Way	10(c). State the usual distance driven annually. Annual Distance
1	☐	☐	☐	☐	km	km
2	☐	☐	☐	☐	km	km
3	☐	☐	☐	☐	km	km
4	☐	☐	☐	☐	km	km

11(a). Will the automobile be rented or leased, or used for carrying passengers for compensation or hire, or for carrying explosives or radioactive material? If so, provide details

Veh No.	
1	
2	
3	
4	

11(b). Will the automobile be used for the transportation of goods for compensation? If so, state class of licence or certificate and radius of operations.

Veh No.	
1	
2	
3	
4	

12. Unless otherwise stated, the applicant is both the registered owner and actual owner of the described automobile. If not, state the names of:

(a). The registered owner

(b). The actual owner

13. Where (a) an applicant for a contract ... [illegible] ... the described automobile to be insured to the prejudice of the insurer, ... [illegible] ... application any fact required to be stated therein, or (b) the insured contravenes a term of the contract or commits a fraud, or (c) the insured wilfully makes a false statement in respect of a claim under the contract, a claim by the insured is invalid and the right of the insured to recover indemnity is forfeited.

The applicant acknowledges that

(1) All of the information ... by the applicant in items 1 through 11 and any particulars in the Remarks section relating thereto are true and the applicant hereby applies for a contract of automobile insurance to be based on the truth of the said information.

(2) Reports containing personal, credit, factual, investigative or driver record information may be sought in connection with this application for insurance or renewal, extension or variation thereof.

(3) The Total Estimated Policy Premium is subject to adjustment to the insurer's Manual premium for the risk.

Date Y/M/D Y M D

Signature of Applicant

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COMPANY COPY

INFORMCO INC

14. Additional information for drivers shown in Item 5

Driver No.	Name	Birthdate	Driver's Licence Number	Lic Class	Years Lic.	Years Lic. in Canada	Relationship to Applicant	Sex	Marital Status
1									
2									
3									
4									

Driver No.	Occupation	Name of Employer	Address of Employer	Date hired
1				
2				
3				
4				

15(a). Total number of Private Passenger Vehicles in the Household* including those already listed ▶ ______

15(b). Total number of Licenced Drivers in the Household* including those already listed. (In the Remarks section below, please list all drivers in the household not shown in Item 5, including name, driver's licence number and date of birth.) ▶ ______

15(c). Number of Non-licenced residents in *Household (Provide name and date of birth in Remarks section) ▶ ______

* Household - A family unit, resident in the same living quarters.

16. If applicant has changed address within the last THREE years, provide previous addresses.

17. Describe any owned trailer not shown overleaf.

18. Is the vehicle used in car pools or other share-the-ride arrangements. For each yes, state particulars in Remarks section.

Veh. No.	no	yes	Number of Passengers
1	☐	☐	
2	☐	☐	
3	☐	☐	
4	☐	☐	

19. Is vehicle powered by other than gasoline or diesel engine.

Veh. No.	no	yes	Details
1	☐	☐	
2	☐	☐	
3	☐	☐	
4	☐	☐	

20. Has vehicle been modified, altered or customized or is there any unrepaired damage including damage to glass.

Veh. No.	no	yes	Details
1	☐	☐	
2	☐	☐	
3	☐	☐	
4	☐	☐	

21. Describe and give value in Remarks section for any special equipment and/or custom paint finish.

22. Check (✓) if applicable ▶ ☐ Vehicle weight is over 4500 kg ☐ Operating radius is greater than 40 km from place vehicle(s) usually kept
Note - If either box is checked this commercial vehicle(s) section cannot be used. A Commercial Vehicle(s) Supplement must then be provided.

23. Describe the complete use of the vehicle(s) including.

(a) Merchandise or material carried (if volatile, toxic, corrosive, radioactive or explosive material is carried, state quantities).

(b) Percentage of Pleasure Use %

(c) Delivery ☐ no ☐ yes ▶ ☐ Wholesale ☐ Retail ☐ Other

(d) Hauling done for others ☐ no ☐ yes - Specify

24. Describe any machinery or equipment mounted on or attached to vehicle(s). State owner if not owned by applicant.

25. Have you bound this risk. ☐ no ☐ yes

26. Motor vehicle liability insurance card issued? ☐ Temporary ☐ Permanent ☐ None

27. Amount of premium paid with this application ▶ $

28. How long have you known a) the applicant? b) the principal operator(s)?

29. Is this business new to your office? ☐ no ☐ yes

30. Has your client other insurance with this company? ☐ no ☐ yes - give particulars

31. Are there any special circumstances concerning this application which the company should know? ☐ no ☐ yes - give particulars

Date (Y/M/D)	Signature of Agent/Broker

Item No	

Appendix E

COMMERCIAL VEHICLES SUPPLEMENT

COMMERCIAL VEHICLE(S) SUPPLEMENT

Policy Number ▶

Applicant's Name

Agent/Broker

1 How many years has the applicant owned or leased each commercial vehicle, or any which it replaces.

Veh. No.	
1	
2	
3	
4	

2 How often is hauling done for others.

Veh. No.	Never	Daily	Weekly	Other - Specify
1	☐	☐	☐	☐
2	☐	☐	☐	☐
3	☐	☐	☐	☐
4	☐	☐	☐	☐

3(a) Describe the merchandise or material carried.

Veh. No.	
1	
2	
3	
4	

b) Describe in detail any of the above which is explosive, volatile, toxic, corrosive or radioactive.

c) Delivery ☐ no ☐ yes ▶ ☐ Wholesale ☐ Retail ☐ Other

d) Identify vehicle(s) hauling goods of others under exclusive contract.

4 Veh. No.	(a) Distance of usual trip	(b) How many trips per month are made beyond a 40 Km radius from place usually kept.	(c) Furthest destination and How often	(d) Out of Province destinations	(e) Is vehicle driven in U.S.A. If yes describe in REMARKS section. no	yes
1	km				☐	☐
2	km				☐	☐
3	km				☐	☐
4	km				☐	☐

5 What Municipal, Provincial, State or Federal filings are required. (Specify exact name required on the filing)

6 Describe any machinery or equipment mounted on or attached to vehicles and other modification(s) and unrepaired damage(s).

Veh. No.	
1	
2	
3	
4	

7 Is the vehicle used to haul any non-owned trailers.

Veh. No.	no	yes
1	☐	☐
2	☐	☐
3	☐	☐
4	☐	☐

If yes describe for each vehicle in REMARKS section.

8 Is any described vehicle leased or rented to others.

Veh. No.	no	yes
1	☐	☐
2	☐	☐
3	☐	☐
4	☐	☐

If yes describe for each vehicle in REMARKS section.

9 State % of pleasure use.

Veh. No.	
1	%
2	%
3	%
4	%

REMARKS

Date (Y/M/D)	Signature of Agent/Broker

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